Plc Uutechnic Group Oyj

ANNUAL REPORT 2016

UUTECHNIC GROUP

Uutechnic Group is a leading group of technology and specialist companies that focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide.

Uutechnic Group's deliveries include agitators, pressure vessels, columns, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones.

The Group's main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology.

The shares of its parent company, Plc Uutechnic Group Oyj, have been listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1989. On 31 December 2016, the company had a total of 1,485 shareholders.

In addition to the parent company, Plc Uutechnic Group Oyj, the Group includes four subsidiaries that engage in business operations: AP-Tela Oy, Japrotek Oy Ab, Uutechnic Oy and Stelzer Rührtechnik Int. GmbH.

Uutechnic Group has around 195 employees.

UUTECHNIC GROUP

AP-TELA

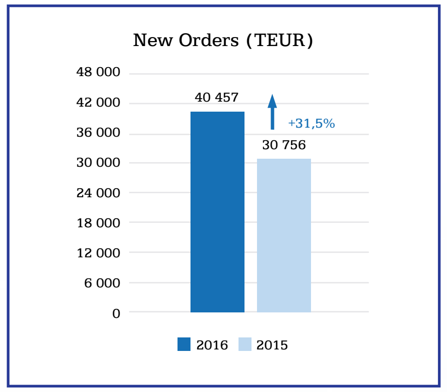
JAPROTEK

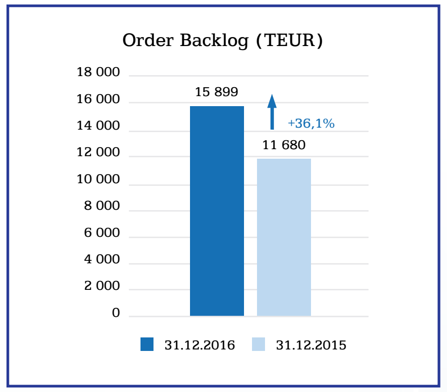
STELZER Mixing Solutions

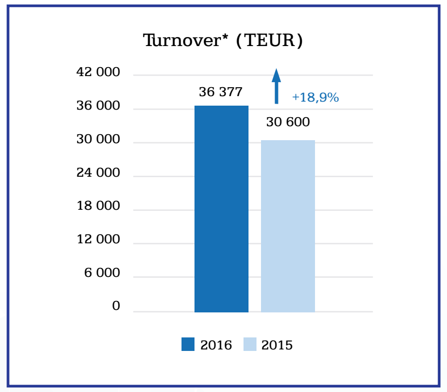
UUTECHNIC

KEY FIGURES FOR FINANCIAL YEAR

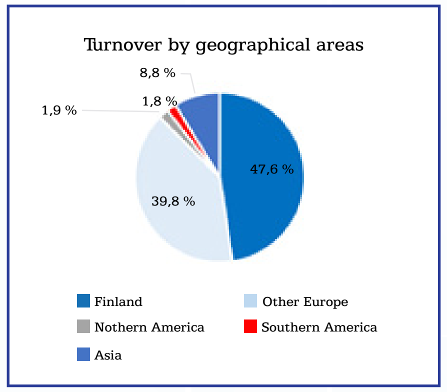
Key figures	2016 1-12	2015 1-12
Turnover, continuing operations	36 377	8 859
Operation profit/loss	881	1 186
% of turnover	2,4	13,4
Return on equity (ROE), %	7,2	12,4
Return on investment (ROI), %	2,8	13,6
Earnings per share (EPS), euros	0,01	0,03
Order backlog 31.12.	15 899	11 680

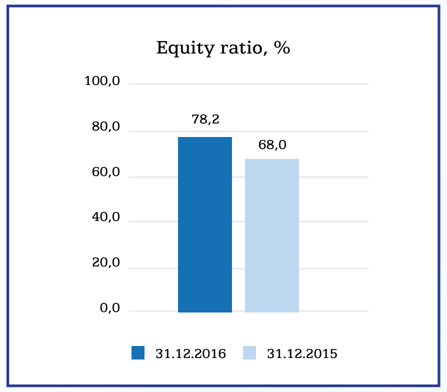


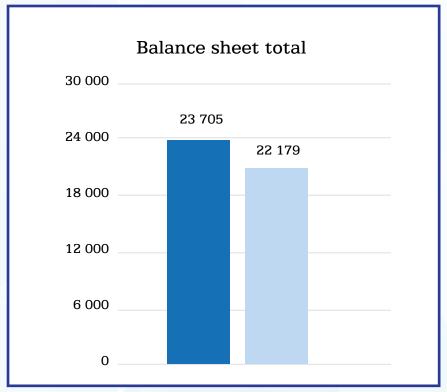


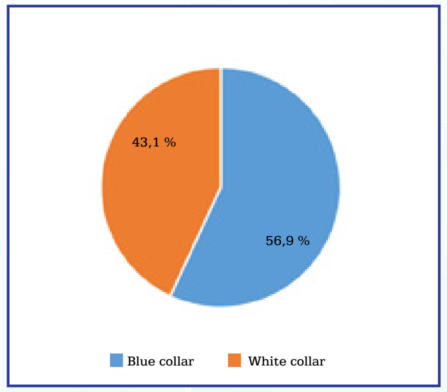


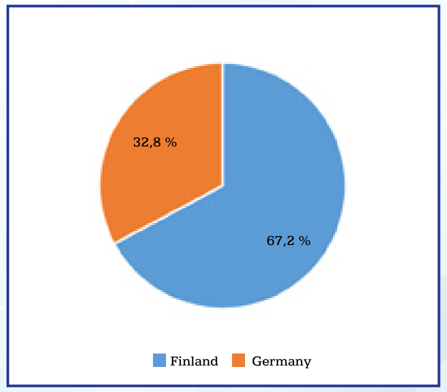
* the figure for the comparison year is the combined turnover of operating subsidiaries











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UUTECHNIC GROUP – MOVING FORWARD WITH A FOCUS ON PROFITABILITY AND GROWTH

Uutechnic Group is a leading group of technology and specialist companies that serves the process industry globally, with a focus on creating customised and environmentally friendly solutions in cooperation with its international customers.

The year 2016 was characterised by post-acquisition measures in the new Group, including the development of a practical understanding of the various business units' operating methods, strengths, weaknesses and potential synergies, as well as the implementation of a large number of change and development projects. The organic growth strategy was successful, with 19% growth in comparable turnover. In addition to growth, the goals for the year included the harmonisation of a customer-oriented company culture and operating methods, as well as developing the Group's capacity to achieve good financial results. The Group's profitability was well short of the target.

The main focus in 2017 will remain on strengthening existing brands as well as harmonising, enhancing and restructuring operations and pursuing higher profitability and growth. With regard to growth, the focus will be on creating the foundation for substantial future growth in turnover. Another key objective is to develop and grow the mixing technology business and strengthen its significance as a success factor for the Group.

Uutechnic Group's growth strategy is based on:
- increasing competitiveness through enhancing the operations of the existing units
- increasing market share through more extensive deliveries and developing new offerings
- business acquisitions in line with the renewed business model
- expanding into new markets

The Group seeks profitability and growth through motivated and forward-looking individuals who constitute a winning team for the future. We continuously develop our existing personnel and recruit highly talented professionals.

For our broader base of shareholders, the development steps taken in 2016 and our increasingly growth-oriented strategy provide a sustainable foundation for increasing the value of the share.

As an agile operator with a clear growth strategy, highly talented personnel and strong confidence in its operating method, Uutechnic Group has opportunities for profitable business operations regardless of world market trends. In terms of future success, the Group's ability to create innovative business models plays a key role, as does its capacity to identify customers that appreciate its technological expertise and its ability to provide customised services within demanding projects.

CEO MARTTI HEIKKILÄ

The past financial year was a time of significant changes and new opportunities for Uutechnic Group. Post-acquisition measures and restoring growth in profitability were the main focus areas in the first half of the year. The developments during the first part of the year were favourable with respect to the post-acquisition measures as well as the development of turnover and profit. The second half of the year was much more challenging. With the exception of AP-Tela Oy, all of the Group's subsidiaries achieved a positive result. The development of the Group's result did not, however, meet our expectations.

Our customers have shown trust in the Group's ability to deliver high-quality process equipment, agitators, complex tanks and columns, as well as combinations of these, to the process industry. Our thick-walled, welded and machined steel pipes, as well as our rolls for the paper, energy and crane industries, have found their customers. The Group's sales figures showed favourable development during the financial year and we enter the new financial year in a better position compared to the previous year. Restructuring measures between Uutechnic Oy and Stelzer GmbH in the mixing technology business will enhance our internal efficiency and improve our capacity to serve our customers better throughout the world.

The efficiency improvement programmes launched by the Group have progressed according to plan. All of the Group companies carried out personnel restructuring arrangements. Reviewing and streamlining the companies' processes, along with the automation of production and the pursuit of new technology solutions, will continue in 2017.

The business environment has remained challenging. The competitive situation is intensifying further in the standard tank and agitator markets but, in complex process industry projects, our experience and expertise are a strong competitive advantage for our company. In a challenging business environment, our cost-efficiency will continue to be a key success factor in maintaining the profitability and competitiveness of our operations. As increasing market awareness of the Group's brands and operating methods will play a central role in 2017, we will develop, strengthen and increase our visibility in our main market areas. As an agile player, Uutechnic Group has the opportunity for profitable business growth even in the prevailing circumstances. Uutechnic Group's growth strategy is based on leveraging synergies between the existing units, delivering even more extensive solutions and, when the opportunity presents itself, carrying out acquisitions that are in line with the Group's strategy.

Partnerships will continue to play a significant role, and we will actively seek new customers and partners globally. Uutechnic Group's business is based on knowledge — our expertise. We invest in development and increasing our expertise. Our experience, knowledge and expertise support our sustainable business strategy. Inspired by our expertise, we continue to seek new opportunities and the best solutions in partnership with our customers.

The main objective for 2017 is to improve the Group's profitability. Based on the strong order book, I am confident that the Group's turnover will continue to grow and operating profit will improve compared to the previous year, particularly in the second half of the year.

I would like to take this opportunity to thank all of our personnel for the past year. The company's new management and operating methods have been well received. Our work community has shown itself to be highly competent and cooperative. I also want to thank our customers, partners, shareholders and all other stakeholders for their role in creating the future of Uutechnic Group.

Martti Heikkilä
CEO
Plc Uutechnic Group Oyj

"Uutechnic Group is a leading group of technology and specialist companies that serves the process industry globally — not the largest, but the most ambitious in terms of quality!"

UUTECHNIC OY

Uutechnic Oy is a company specialising in demanding mixing technology. It delivers advanced mixing technology solutions and products for liquid-based processes worldwide. Uutechnic Oy specialises in large top-entry agitators and side-entry agitators for heavy industry that are designed and manufactured according to the particular requirements of each customer and process.

The Uutechnic™ mixing technology has become a widely recognised concept in the market. It is primarily intended for highly demanding conditions where agitators serve as key process equipment and high requirements are set for usability. Uutechnic top-entry agitators are used in a large number of demanding mixing applications in reactors, autoclaves and large process and storage tanks, for example. Side-entry agitators are mainly used in wood-processing processes.

Uutechnic Oy's main industries are the mining, hydrometallurgical, pulp and paper industries and the fertiliser industry and other chemical industries. The majority of the products are delivered to customers outside Finland. Uutechnic aims to be a preferred partner in the global mixing technology market.

At the beginning of September, the manufacture of Jamix agitators was relocated to Uutechnic Oy's factory in Uusikaupunki in line with the Group's strategy. In a move related to the centralisation of the mixing technology business, the Group's sales company Steva Oy was merged with Uutechnic Oy at the end of June and Steva's personnel were transferred to Uutechnic Oy.

During the financial year, the company focused on new customer acquisition by signing representation agreements in China, Poland, Singapore, Malaysia and Indonesia. New markets were also sought in regions including Latin America. The agitator maintenance business saw substantial growth in 2016. Growth was particularly achieved in the metal processing industry and the fertiliser industry in neighbouring regions. This helped develop closer relationships with key customers and solidified Uutechnic's position as a reliable long-term partner in the mixing technology business.

The largest delivery projects in 2016 involved the paper industry in Finland, China and the United States as well as the Finnish fertiliser and mining industries.

"In 2016 the company invested in the acquisition of new clients by making representative deals in China, Poland, Singapore, Malesia ja Indonesia."

STELZER RÜHRTECHNIK INTERNATIONAL GMBH

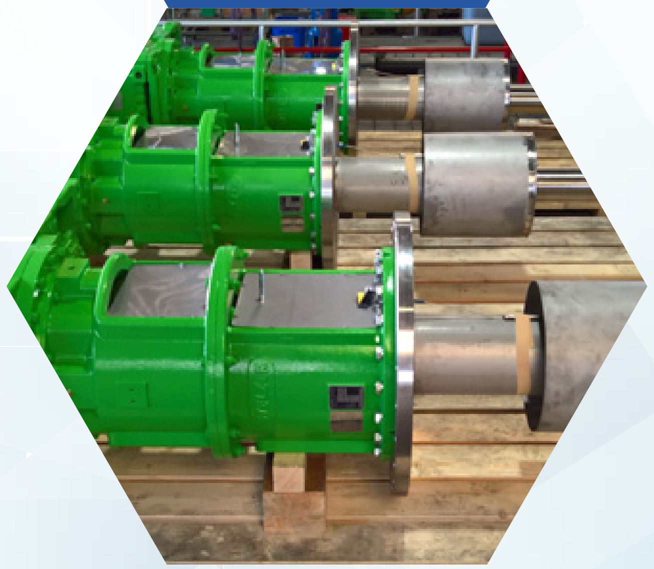
Stelzer specialises in agitator systems for the process industry and the related maintenance business operations. Stelzer's business operations are based on its special expertise in technology, in-depth knowledge of its customers' core processes and extensive research and development work. Its main customer segments include the food, chemical and pharmaceutical industries and environmental technology.

Its mixing technologies are exported around the world. The scope of its deliveries ranges from magnetic agitators for small tanks with a volume of a few dozen litres to agitators for tanks with a volume of several thousand cubic metres.

In 2016, the first year under the new Group structure, Stelzer achieved synergies with Uutechnic Oy. The first concrete measure was to divide manufacturing capacity between the companies during the latter part of the year. Integration planning and implementation will continue in the financial year 2017.

The most significant deliveries in 2016 were made to the Asian markets. The largest delivery was made to a biogas plant in the Philippines. The company also received a strategically significant order from a Chinese biogas plant, which represented the company's first step into the rapidly growing Asian environmental investment market. The food industry also represented a significant share of deliveries to the Chinese market.

"In 2016 the most significant deliveries were made to the Asian markets. The largest delivery was made to a biogas plant in the Philippines. "



JAPROTEK OY AB

JAPROTEK

Japrotek provides its customers with comprehensive services, including product design and development, manufacture and installation as well as start-up, maintenance and spare parts services. Its main products include demanding process and storage tanks, reactors, pressure vessels, columns, heat exchangers and agitators. The company has special expertise in the design and manufacture of demanding constructions and special materials, such as titanium, compounds and nickel alloys as well as duplex, stainless and acid-proof steel.

Its main industries are the chemical, paper, pulp, energy, hydrometallurgical and mining industries and environmental technology.

Japrotek's most significant deliveries in 2016 included a bleaching reactor for Metsä Fibre in Äänekoski, Finland, a tank and a tower for Vallvik Bruk Ab in Sweden, and crystallisers for Yara Norge AS in Norway. Japrotek's order book at the end of the financial year was better than in the previous year.

"Japrotek has special expertise in the design and manufacture of demanding constructions."

AP-TELA OY

AP-TELA

AP-Tela is a contract manufacturer that mainly serves customers in the forest industry with regard to mechanical engineering. Its customers also include the steel, maritime, energy, offshore and engineering industries. Its main market areas are Finland and the Nordic countries.

AP-Tela Oy specialises in the manufacture of long welded and machined axially symmetrical parts. The company manufactures welded press pipes according to the customer's requirements. Welded press pipes are used in rolls and cylinders in paper machines and in steam and water cylinders and pressure vessels. The pipes can be annealed and equipped as components according to the customer's requirements. The rolls and cylinders can be delivered ground and dynamically balanced. The service also includes roll maintenance and the production and installation of aggregates. The company has a 3,000-tonne press brake, which it uses to manufacture heavy pipe beams, cones and press profiles. In addition, its range of products includes welded and machined steel frames and foundations.

In the financial year 2016, the company invested in areas such as increasing its inside turning capacity, managing production load and acquiring more processing and warehousing space.

"AP-Tela has a 3,000-tonne press brake, which it uses to manufacture heavy pipe beams, cones and press profiles."

UUTECHNIC GROUP'S TARGETS FOR 2017

The Group seeks to be a globally known and preferred cooperation partner with a good financial standing in selected product and market segments. The Group pursues growth organically while also considering opportunities for growth through acquisitions.

The main objective for 2017 is to improve the Group's profitability. Based on the strong order book, the Group's turnover is expected to continue to grow and operating profit is expected to improve compared to the previous year, particularly in the second half of the year.

Another key objective is to grow the mixing technology business and strengthen its significance as a success factor for the Group. The main focus in the mixing technology business in 2017 is investing in sales and marketing as well as finalising the restructuring of operations. These measures are aimed at improving profitability and creating a foundation for a substantial increase in turnover.

WHO WE ARE

Uutechnic Group has extensive decades-long practical experience of leveraging the opportunities presented by various operating methods and processes. The history of the Group dates back to the 19th century, and the company has accumulated extensive expertise over the years. Combined with the arrangements made in the previous financial year, this expertise lays a strong foundation for future growth and profitability. We are a global technology company and a pioneer in mixing technology. We have continuously enhanced our customers' processes, aiming for higher productivity and environmentally friendly solutions. Uutechnic Group has grown—and continues to grow—by improving internal cooperation between our units as well as scientific research and market insight. We foster a culture that values expertise and encourages the pursuit of better methods and new solutions. Strengthening the existing brands and creating a consistent, customer-focused corporate culture will ensure the Group's continued capacity to achieve good financial results.

"Our employees are the Group's most important resource. People, high-quality products, good solutions and expertise are Uutechnic Group's sources of competitive advantage on the global playing field."

Uutechnic Group's knowledge, products and solutions enhance our customers' competitiveness globally. Our process technology solutions and unique service concepts increase productivity and improve the quality of our customers' processes. The Group invests in creating customised, environmentally friendly solutions in cooperation with its international customers. We foster an organisational culture that promotes safety for our employees, contractors and society.

By investing in the continuous development of operations, we enable the utilisation of first-rate operating methods and technologies and the provision of leading processes to customers. Our future success will also be influenced by our ability to improve existing technologies and services while taking into account the increasingly advanced and diverse needs of our customers. The company must remain at the leading edge of technological development while also managing its business operations in a cost-efficient and timely manner.

Personnel

During the financial year, Uutechnic Group had 195 employees, of whom 9% were women. Of our personnel, 111 were white collar and 84 were blue collar. A total of 131 employees worked in the Group's Finnish subsidiaries and 64 were employed by the German subsidiary. The average duration of an employment relationship at the Group is 12.5 years, which indicates that our employees are satisfied with their jobs and are committed to the company.

In addition to production operations, a significant proportion of the Group's operations is project management and development.

A developing company

Due to the cyclical sensitivity of the business, Uutechnic Group's business model must be flexible to changing market circumstances. The Group aims to respond to this challenge by improving the internal productivity of its subsidiaries and the competitiveness of its supplier network. The starting point for these development efforts is closer internal cooperation and ongoing cooperation with customers. Close cooperation allows us to keep abreast of our customers' needs. Customer needs determine our competence needs, and the information we obtain also guides our competence development and recruitment. Recognising this, the Group has engaged in new recruitment to invest in ensuring critical competencies. Uutechnic Group's operations are guided by a philosophy of openness, with knowledge and expertise shared continuously between operating locations and partners. One of the keys to reaching the Group's objectives is to transform its operating culture into a results-oriented culture that values good performance and in which everyone is prepared to develop their own work, change old operating methods and habits and strive to reach the Group's shared goal.

Our customer promise is at the core of what we do. The customer promise is realised when the people of Uutechnic have performed their work well and the customer sees concrete benefits in their process. The best reference in a highly competitive industry is a positive customer experience. The foundation of our customer promise is delivery reliability. Deliveries must be complete, quality must be in line with customer specifications and the customer's processes must function as agreed. Keeping the customer promise ensures that both our customers and Uutechnic employees are even more satisfied than before and that cooperation is based on a long-term approach. Our aim is to be a preferred partner and employer while also producing better results for our shareholders.

Uutechnic Group seeks to keep its employees motivated and ensure their competence development. The achievement of our strategic targets requires the Group's employees to be aware of how they can contribute to the implementation of its strategy in their work. The Group increasingly seeks to identify synergies between individuals and opportunities for cooperation. Our goal is to increase production efficiency and volumes by making use the Group's existing resources. The company's operating management is closely involved in operations.

Ensuring the health and safety of our employees continues to be one of the key goals of our HR policy, and monitoring safety is part of the day-to-day operations of our units. We prepare for risks through the careful planning of work, induction training, risk assessment before work performance and the use of personal protective equipment. Our goal is to prevent accidents and reduce sickness absences, examine their causes, implement corrective action and make returning to work easier.

CORPORATE RESPONSIBILITY

Sustainable business operations

Uutechnic Group builds a sustainable future for our employees, shareholders and business partners. Uutechnic Group complies with the principles of responsible business operations. Responsibility is perceived as a key factor in sustainable and competitive business operations. Responsibility includes the continuous development of operations. Operating globally in a rapidly changing business environment places increasing demands on the Group. Sustainability and continuous development in business is achieved by increasing internal and external awareness. Knowledge is the cornerstone and competitive advantage of our business. Knowledge creates added value for our operations and prepares us to meet the challenges of a constantly changing world.

Uutechnic Group's business is based on knowledge — our expertise. We have invested in development and increasing our expertise for more than a century. Our experience, knowledge and expertise support our sustainable business strategy. Inspired by our expertise, we continue to seek new opportunities and the best solutions in partnership with our customers.

Sustainable business can only be achieved through close cooperation with our stakeholders and employees and by observing the world around us. The starting point of developing our cooperation network is closer cooperation and signing partnerships to ensure a flexible order delivery process, shorter delivery times and competitive prices for our deliveries.

Uutechnic Group divides corporate responsibility into three areas: responsibility for quality, the environment and safety. Safety is a high priority for us and we believe that accidents can be prevented. Minimising deviations in operations ensures that operations are productive and in line with plans. There were no accidents at Uutechnic Group in 2016 that had significant effects on employees, the environment or production processes. By ensuring safe and healthy working conditions we minimise the exposure of our employees and contractors to factors that have a negative impact on their health or safety.

Uutechnic Group has an ISO 9001 quality management system and an ISO 14001 environmental system in place. In developing responsible business operations, we take our customers' and other stakeholders' expectations into account. Our highly professional employees are familiar with the quality specifications of each assignment and they take responsibility for achieving the specified level of quality. All of our employees have the right—and the obligation—to take action to intervene in anything that could cause a deviation that affects quality or the environment. Our customers must be able to have confidence in our ability to produce the quality specified in our contracts and to make deliveries on time. Our goal is that each delivery we make serves as a reference for a new order. We ensure compliance with our quality policy through quality audits, internal control and training.

Uutechnic Group's strength is the high quality of its products and services. Our quality policy aims at high customer satisfaction. We develop products and services in cooperation with our customers and international partners. Customer satisfaction is also evidenced by significant follow-up orders.

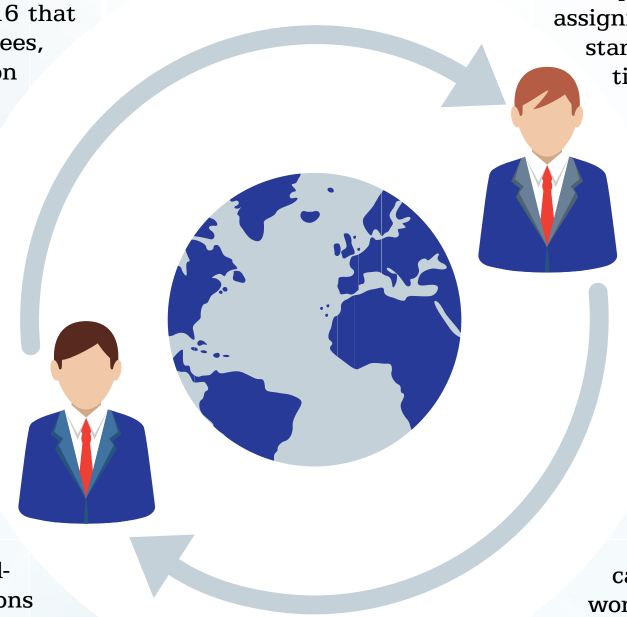
Environmental policy

We take our environmental impact into account in our business operations, and the Group's environmental policy aims at the development of our own operations and our customers' processes while also considering environmental aspects. Responsibility concerns the entire life cycles of the Group's products. We create positive environmental effects by improving the energy efficiency and quality of our customers' processes. In line with our operating principles, we make use of technologies that minimise our environmental impact. We engage in open dialogue about environmental issues and seek to optimise our energy use and reduce our emissions. Our openness ensures that our products are manufactured sustainably.

Health and safety

Ensuring safety is one of our key values. Ensuring the safety of our employees and the environment is our highest priority. We believe that safety is an attitude and a way of thinking and that each job and assignment can be done safely. Before starting an assignment, we pay attention to minimising risks. Our goal is to create a safe and healthy work environment for all of our employees and guests and each of our customers.

The management is responsible for setting a good example and ensuring that our safety practices are effective. The management is also responsible for promoting a positive attitude towards ensuring safety, and every employee is responsible for their own safety and that of their colleagues. Our action plan for occupational health care is to ensure the well-being and working capacity of our employees and prevent accidents and occupational diseases.



UUTECHNIC GROUP'S VISION, MISSION AND VALUES

Vision

We are a globally recognised and preferred partner of solid financial standing among companies that use demanding process technology in our selected market segments.

Mission

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide.

Values

Increasing customer value
- We serve as a resource for our customers, developing their operations and ensuring that their operations run smoothly
- We can see things from our customers' perspective and are familiar with their needs and goals
- Our high-quality products and services create added value for our customers

Continuity
- Our operations are based on long-term customer relationships
- By acting responsibly as individuals we create a solid foundation for creating long-term employment relationships and making the company a preferred employer

Expertise
- We continuously develop our expertise
- We develop and use new methods/technologies

Honesty
- We are honest to ourselves and others
- We are open, fair and reliable and treat everyone equally

ADMINISTRATION

Chairman of the board

Chairman **Jouko Peräaho**, b. 1962, Engineer

Member of the board of directors since October 30, 2015
Member of Uutechnic Oy board of directors since 1993

Previous work experience:
CEO of Uutechnic Oy 1993 - 2013

Most significant positions of trust:
FC TPS Oy, chairman of the board of directors
Chamber of commerce in Turku, member of the council

Vice-chairman

Vice-Chairman **Sami-Jussi Alatalo**, b. 1971, Master of Laws

Member of the board of directors since June 19, 2012
Saola Invest Oy, entrepreneur
Mergertum Teollisuus Oy, partner

Previous work experience:
Ultivista Group, CEO
Ultivista Group, CFO
Nordea Group, managerial and specialist positions in Corporate Banking

Hannu Kottonen, b. 1957, M.SC.(Econ.)

Member of the Board of Directors since April 28, 2016

Previous work experience:
HKScan Oyj, CEO 3/2012 – 1/2016
Metsä Tissue Oyj, CEO 10/2006 – 2/2012
M-Real Plc, leader of the Consumer Packaging Division 2004 – 2006
Huhtamäki Group, several senior management positions 1983 – 2003

Most significant positions of trust:
Polarica Holdings AB, chairman of the board of directors
Kinttuviisas Oy, chairman of the board of directors

Hannu Kottonen is independent of the Company and its significant shareholders

Kristiina Lagerstedt, b. 1973, M.SC.(Econ.)

Member of the Board of Directors since April 28, 2016
Sanoma Group, Vice President, Audit & Assurance, 2014 –

Previous work experience:
Nokia Group, Head of Internal Audit and Mergers & Acquisitions team member 2004 – 2014
EY and Deloitte, diverse positions 1997 – 2004

Most significant positions of trust:
European Confederation of Institutes of Internal Auditing (ECIIA), board member

Kristiina Lagerstedt is independent of the Company and its significant shareholders

MANAGEMENT AND AUDITORS

CEO

Martti Heikkilä, b. 1960, M.Sc.(Tech.)

CEO of Plc Uutechnic Group Oyj since December 1, 2015
Managing director of Japrotek Oy Ab, AP-Tela Oy since December 1, 2015
Managing director of Uutechnic Oy 2013-
Member of Uutechnic Oy, Japrotek Oy Ab and AP-Tela Oy board of directors since 2015

Previous work experience:
Kumera Drives Oy, managing director. 2005-2013
Sulzer Pumps Finland Oy, different management positions 2000-2005
Ahlstöm Oy, Salon sekoitintehdas, different management positions 1988-2000

Auditors

Ernst & Young Oy
Chief auditor
Osmo Valovirta, APA

Management Team

Martti Heikkilä, b. 1960, M.Sc. (Tech.)
Plc Uutecnic Group Oyj, CEO 1.12.2015 –
Managing director of Uutechnic Oy, AP-Tela Oy and Japrotek Oy Ab 1.12.2015 -

Ismo Haaparanta, b. 1967, Engineer, MBA
Plc Uutechnic Group Oyj, Deputy CEO 18.1.2016 –

Christian Kessen, b. 1963, M.Sc. (Tech.)
Stelzer Rührtechnik International GmbH, Managing Director 2007 –

Timo Lindström, b. 1961, Engineer
Plc Uutechnic Group Oyj, Technical Manager 1.1.2016 –

Jouni Laine, b. 1964, Engineer
Uutechic Oy, Sales Director 1.2.1994 –

Leena Junninen, b 1962, Commercial college graduate
Plc Uutechnic Group Oyj, Finance Manager 1.3.2014 –

Finished memberships in 2016:

Timo Lindström, s. 1961, Engineer

Member of the board of directors 30.10.2015 – 28.4.2016
Member of Uutechnic Oy board of directors 2013 –
Member of AP-Tela Oy and Japrotek Oy Ab board of directors 2015 –

Previous work experience:
Uutechnic Oy, technical manager 1993 – 2015

Most significant positions of trust:
Linemarine Oy, member board of directors
Vakka-Suomen Puhelin Oy, member of Supervisory board

CORPORATE GOVERNANCE STATEMENT OF UUTECHNIC GROUP FOR THE FINANCIAL YEAR 2016

Applicable regulations

Corporate governance of Uutechnic Group is based on the Finnish legislation and the articles of Association of the Group's parent company, Plc Uutechnic Group Oyj.

The company follows the NASDAQ Helsinki Oy's corporate governance code 2016 for Finnish listed companies. Uutechnic Group deviates from the Finnish Corporate Governance Code Recommendation 8: Mikko Laakkonen has a specific but limited right to appoint a member of the Board of Directors as described below.

The governance code issued by the Securities Market Association took effect on 1 January 2016, and it is publicly available, e.g., on the Securities Market Association's Web site via the address www.cgfinland.fi.

Administration of Uutechnic Group

In accordance with the Companies Act, the Group's business operations and administration are the responsibility of the following bodies: the Annual General Meeting, which elects the members of the Board of Directors of the parent company, and the CEO, appointed by the Board.

Plc Uutechnic Group Oyj's highest decision-making body is the Annual General Meeting, where the shareholders exercise their authority. The Board of Directors is responsible for the company's administration and appropriate operation. As the parent company of the Group, Plc Uutechnic Group Oyj is responsible for the management, strategic planning, IT, financial administration, financing and human resources management of the Group.

The activities and results of Group's business operations are on the responsibility of the Group's Management Team, CEO and the Board of Directors.

Annual General Meeting

The company's highest decision-making body is the Annual General Meeting. An Extraordinary General Meeting is arranged when necessary. This is invited by the Board of Directors. Shareholders are invited to the Annual General Meeting through a meeting invitation published on the company's Web site. The invitation provides the shareholders with the necessary information on the issues to be addressed at the meeting. The meeting notice is also published as a stock exchange release and to any other way decided by the Board of Directors.

The Annual General Meeting must be held no more than six months after the end of the company's financial year. The AGM makes decisions on the issues falling under its mandate as determined by the Companies Act, including the verification of the financial statements, the payment of dividends, the discharge from liability of the Board members and the CEO, and the selection and fees of the Board members and the auditors.

The Annual General Meeting is attended by the CEO and a majority of the Board members. A person running for a position on the Board for the first time attends the AGM that decides on the selection.

Board of Directors

Activities of the Board

The Board of Directors of the parent company, which also acts as that of the Group, is responsible for the Group's administration and appropriate operation, and it decides on issues that are highly significant in light of the scope of the Group's operations.

Some of the key responsibilities of the Board are to

- confirm the Group's strategy and objectives, monitor their implementation, and commence corrective measures if these should be necessary
- decide on significant investments as well as acquisitions and real-estate transactions
- handle and approve financial statements and financial reviews
- decide on the Group's financial policies and financing methods
- approve the dividend policy and make a proposal to the AGM concerning distribution of dividends
- be in charge of arrangement of the Group's risk management and internal monitoring
- appoint and relieve the CEO, and decide on the terms of the CEO's employment
- confirm the Group's strategy and decide on the central principles governing the Group's compensation system

The Board of Directors regularly evaluates its own activities and work methods.
Issues are handled at Board meetings in accordance with an agenda prepared for each meeting. The Group's chief executive officer acts as secretary of the Board. The minutes of each Board meeting are commented upon and accepted at the next meeting.

The Board meets regularly, once a month, and at other times, if necessary. During the 2016 financial period, the Board met 36 times. There was 100 % attendance by the Board members.

The presenter at Board meetings is the company's CEO or one of the Group's personnel authorized by the CEO. The CEO is responsible for providing the Board with sufficient information for assessing the Group's operations and financial situation. The CEO is also responsible for implementing the Board's decisions and reports on this to the Board.

The Board members are obliged to provide the Board with sufficient information for assessment of their qualifications and level of independence and to report any changes to this information.

Composition of the Board

According to the Articles of Association, the Board of Directors has a minimum of three and a maximum of six members, whose term of office ends at the end of the first full Annual General Meeting following the election. The Board members are selected by the Annual General Meeting. The chairman and vice-chairman of the Board are selected by the Board from among its members.

The names of candidates proposed for Board positions are published in the invitation to the Annual General Meeting where the candidate is supported by shareholders holding a minimum of 10% of the votes as determined by the number of shares and if the candidate has accepted the candidacy. Names of candidates nominated after publication of the AGM invitation are published separately. A person selected as a Board member must meet the qualifications for the position and have the opportunity to allocate enough time to handle the position.

During October 30, 2015 – April 28, 2016 the Board consisted of, elected in the Extraordinary General Meeting on 30 October 2015, Sami Alatalo, Jouko Peräaho and Timo Lindström. Jouko Peräaho acted as a chairman and Sami Alatalo acted as a vice-chairman.

The Annual General Meeting on 28 April 2016 confirmed that the Board shall have four members. Sami Alatalo and Jouko Peräaho were re-elected and Hannu Kottonen and Kristiina Lagerstedt were elected as new members for the Board. The Board elected Jouko Peräaho as a chairman and Sami Alatalo as a vice-chairman. The Board members, excluding Jouko Peräaho and Sami Alatalo, are independent in relation to the Company's major shareholders.

Related to the corporate arrangement announced on October 30, 2015 in the 2016 and 2017 General Meetings of Plc Uutechnic Group Oyj, Hannu Laakkonen, HML Finance Oy and the previous owners of Uutechnic Oy have committed to vote the person proposed by Mikko Laakkonen for the member of the Board of Directors. The obligation to vote is only if the persons committed to vote are present in the General Meeting and if Mikko Laakkonen owns over 10 % of the shares of Plc Uutechnic Group Oyj.

Information about Board Members

Are presented in section Board of Directors on the Group's annual report.

Compensation of Board members

The compensation for Board members is determined each year by the Annual General Meeting. The Board members have not received shares in the company as compensation. The company currently has no stock option plan.

The Annual General Meeting of 28 April 2016, decided to pay Board members the following attendance fees as annual compensation amounts: 36,000 euros to the chairman and to the vice-chairman and 22,000 euros to each of the members.

In addition, Board members are entitled to a per diem and travel allowance in accordance with the Group's general travel regulations. No attendance fees are paid to persons employed by Uutechnic Group for membership of a subsidiary's board of directors.
Fees paid to Board members in the 2016 financial year for Board duties:

	euros
Alatalo Sami vice- chairman	34.000,00
Kottonen Hannu	14.666,68
Lagersted Kristiina	14.666,68
Lindström Timo	7.333,32
Peräaho Jouko, chairman	12.000,00

In addition, Jouko Peräaho has been paid 153 520 euros salary based on his full-time vacancy as the chairman of the Board.

Board committees

The Board has no committees.

Supervisory Board

The company has no Supervisory Board.

CEO

The Board appoints the parent company's CEO, who acts as the Group's president. The CEO is responsible for day-to-day management of the Group in accordance with the Finnish Companies Act, the Articles of Association, and instructions from the Board of Directors. The CEO is neither chairman nor vice-chairman of the Board.

Martti Heikkilä has served as CEO of Plc Uutechnic Group Oyj.

Information about the CEO

Are presented in section Management and Auditors on the Group's annual report.

Business organization

Are presented in section Management and Auditors on the Group's annual report.

SHARE HOLDINGS OF THE MANAGEMENT According to the book-entry security system, on 31 December 2016	Shares no.	Shares %	Votes no.	Votes %
Board of directors and CEO				
Peräaho Jouko, chairman of board	8 690 000	15,38	8 690 000	15,38
Alatalo Sami, vice chairman of board	50 000	0,88	50 000	0,88
Lagerstedt Kristiina, member of board	54 000	0,10	54 000	0,10
Kottonen Hannu, member of board	50 000	0,09	50 000	0,09
Martti Heikkilä, CEO	130 000	0,23	130 000	0,23
Group Management				
Ismo Haaparanta, deputy CEO	12 000	0,02	12 000	0,02
Lindström Timo, technology manager	8 790 000	15,56	8 790 000	15,56
Laine Jouni, sales director	106 000	0,19	106 000	0,19
Junninen Leena, finance manager	40 000	0,07	40 000	0,07
Kessen Christian, Stelzer md	2 000	0,00	2 000	0,00

Timo Lindström and Jouko Peräaho are 36 % owners of UuCap Oy, which owns 8,50 % of Plc Uutechnic Group Oyj's shares.
Sami Alatalo is in control of a company which owns 80 000 shares of Plc Uutechnic Gorup Oyj.

Compensation of the CEO and other members of the company's management

The CEO's salary and other financial benefits are decided by the Board. Compensation for other members of the management is decided upon by the CEO and the chairman of the Board. The Group currently has no stock option plan.

No special conditions for retirement or pension benefits have been specified for the members of the Group's management. According to the employment contract of CEO

Martti Heikkilä and Vice CEO Ismo Haaparanta, the notice period of the contract is three months for both sides. If the company terminates the contract, the CEO and the Vice CEO will receive 100,000.00 euros deducted of the sum paid for the termination period. In 2016, in addition to the monthly salary the CEO and the Vice CEO will receive a bonus that is 1,25 % of the Group's EBIT from the financial year.

During the financial year 2016 CEO Martti Heikkilä has been paid 151.656,00 euros as salary and the other Group's management team has been paid 548.000,00 euros.

Body responsible for the duties of the audit committee

The company has no audit committee; instead, the duties of the audit committee are attended to by the Board of Directors of the company.

Internal monitoring, risk management and internal audit

Internal monitoring:
The Group's business and administration are primarily monitored and controlled by means of the Group's management system. The Group has a financial reporting system whose purpose is to provide the Group and profit center management with sufficient information for planning, control, and monitoring of operations.

Risk management:
The objective of the Group's risk management process is to identify any risks that pose a threat to the business operations, evaluate them, and develop the necessary risk management methods. Business-related risks of material, consequential, and liability losses are covered by appropriate insurance policies.

Internal auditing:
With regard to the nature and scope of its business operations, the Group has not deemed it appropriate to establish a separate internal auditing organization. Rather, its tasks are included in the duties of the business organization.

Insider administration

Plc Uutechnic Group Oyj follows the NASDAQ Helsinki Oy's Insider Guidelines that has been completed with company's insider instructions approved by the Board. Based on the Market Abuse Regulation, Uutechnic Group's management consist of members of the Board, the CEO, other Group management team and managing directors and plant managers of the subsidiaries. In addition, the company has a permanent insiders list of people who have access to insider information. Members of the permanent insiders list are committed to follow a closed period instructed by the company. The permanent insiders list is not public. Furthermore, Plc Uutechnic Group Oyj has insider registers specific to a project. Members of the register are prohibited from dealing in company's shares as the project is running.

Audit

IIn accordance with the Articles of Association, the company's statutory audit is performed by one or two qualified auditors, who must be auditors or auditing firms certified by Finland's Central Chamber of Commerce. The auditors' term ends at the end of the first full Annual General Meeting after the election.

The Board's proposal for auditor(s) is indicated in the invitation to the Annual General Meeting, or, if an auditor candidate is not known to the Board at the time the invitation is published, the name of the candidate(s) shall be published separately.

The Annual General Meeting of 28 April 2016, selected public auditing firm Ernst & Young Oy as the company's auditor, with Osmo Valovirta, APA, as chief auditor.
Auditors' fees from the Group in the 2016 financial period totaled 173,000.00 euros, of which audit fees accounted for 110,000.00 euros, with consulting and other fees accounting for the remaining 63,000.00 euros.

Information

Each year, the company publishes an annual report, a half year report and two business reviews from three and nine month periods in both Finnish and English.

The review of financial statements and half year report will be published as a stock release. The annual report, half year report and business reviews are published on the company's website www.uutechnicgroup.fi. The company's other press releases are also available on the website.

SHARES AND SHAREHOLDERS

Share Capital

Plc Uutechnic Group Oyj's registered and fully paid share capital of 31 December 2016 was €2,872,302 and the number of shares in the company was 56,505,210.

At the beginning of the review period, the total number of shares and votes in Plc Uutechnic Group Oyj was 25,963,210. The shares subscribed for during the directed share issue carried out in late 2015 were entered into the Trade Register on 20 January 2016. The total number of these shares was 30,000,000, which increased the total number of shares and votes in Plc Uutechnic Group Oyj to 55,963,210.

On 6 June 2016, in accordance with authorization given on 28 April 2016 by the Annual General Meeting, the company announced that its Board of Directors had decided to carry out a share issue directed to its personnel and management where a maximum of 1,000,000 new shares may be subscribed. In the Share Issue the Board of Directors has approved subscription of 542,000 new shares.

After above mentioned share issues the number of Plc Uutechnic Group Oyj's shares is 56,505,210.

The company's stock symbol is UUTEC, and its ISIN code is FI0009900708.

Listing of Shares

Plc Uutechnic Group Oyj is listed on the NASDAQ OMX Helsinki Oy exchange.

Share trends and trade statistics

In total, 14,587,446 (25.8 %) of Plc Uutechnic Group Oyj's shares were traded during the 2016 financial year. The share price was 0.33 euros at its lowest and 0.74 euros at its highest, the average share price was 0.52 euros, and the financial year's closing price was 0.50 euros. The total market value of the company's shares on 31 December 2016 stood at 28.1 million euros. The company has a liquidity agreement with Nordea Pankki Suomi Oyj.

The Board's authorizations

The Annual General Meeting of 28 April 2016 authorized the Board of Directors to decide on the issue of new shares and other special rights that entitle their holders to subscribe for shares in accordance with Chapter 10, Section 1 of the Limited Liability Companies Act, in one or more instalments. The Board is authorized to issue a maximum of 10,000,000 new shares, including shares based on special rights.

Of the authorization, 1,000,000 shares has been used in the Share Issue directed to company's personnel and management. The subscription period ran from 20 June to 12 August 2016 and 542,000 new shares were subscribed.

The authorization is valid until next Annual General Meeting.

Distribution of dividends

The Board of Directors' proposal to the General Meeting of 30 May 2017 is that no dividend be distributed and that the retained earnings be deposited in the profit account.

Shareholders and the management's ownership

According to the book-entry security system, Plc Uutechnic Group Oyj had 1 485 registered shareholders on 31 December 2016. There were in total 4,450,797 nominee-registered shares.

The total number of shares owned directly or through controlled companies by the Board of Directors, CEO, Deputy CEO and Group Management Team at the end of the review period was 22,809,000 or 40.4% of all shares.

Board members, CEO, Deputy CEO or managers of the Group have no holdings or special rights based on the company's share-based incentive systems.

The trade restriction related to the company- and financial arrangements ended 31.12.2016.

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting

Plc Uutechnic Group Oyj's Annual General Meeting will be held on Thursday, March 30, 2017, starting at 13.00 at Hotel Scandic Park, Mannerheimintie 46, Helsinki.

Every shareholder who on March 30, 2017 is registered as a shareholder in the list of shareholders in Euroclear Finland Ltd. has the right to participate in the Annual General Meeting.

All shareholders who wish to participate in the Annual General Meeting must register no later than March 27, 2017 before 4:00 pm. Registration can be done in person or via an authorized person by letter to Plc Uutechnic Group Oyj, Muottitie 2, 23500 UUSIKAUPUNKI, or by telephone to Leena Junninen +358 400 613896. Registration letter must arrive before the registration deadline. The documents pertaining to the company's financial statement will be on view at the company's headquarters from March 8, 2017.

Dividend

The Board proposes to the Annual General Meeting that no dividends be paid.

Financial information

Plc Uutechnic Group Oyj will publish during the next fiscal year that will begin 1.1.2017 a half year report per 30.6.2017 and business reviews after the first and the third quarters.

Annual reports are no longer published as printed versions. Instead, those are available as electronic publications. The annual report, half year report and other financial reports as well as stock exchange releases are available on the company's web site, www.uutechnicgroup.fi.

EXCHANGE REPORTS AND BULLETINS

The following list includes all Plc Uutechnic Group Oyj's stock exchange releases and stock exchange announcements published in fiscal period 1.1.-31.12.2016. Some of the information included in the bulletins might be out of date. Stock exchange releases and stock exchange announcements are available on the company's web site at www.uutechnicgroup.fi under News and Media.

29.12.2016	Uutechnic Group Supplements Its Stock Exhange Bulleting Published Today
29.12.2016	Uutechnic Group Received an Order for Complete Delivery to Nickel Refinery
27.12.2016	Uutechnic Group Revises Its Estimate for the Operating Profit 2016
27.12.2016	AP-Tela Oy, a Subsidiary of Uutechnic Group, Starts Co-determination Negotiations
12.12.2016	Plc Uutechnic Group Oyj: Managers' Transactions
8.12.2016	Publication of the Financial Statements 2017 of Uutechnic Group
23.11.2016	Uutechnic Group Lowers its Estimate for the Operating Profit for 2016
29.8.2016	The New Shares of Plc Uutechnic Group Oyj have been Registered to the Trade Register
22.8.2016	Plc Uutechnic Group Oyj: Managers' Transactions
22.8.2016	Plc Uutechnic Group Oyj: Managers' Transactions
22.8.2016	Plc Uutechnic Group Oyj: Managers' Transactions
22.8.2016	Plc Uutechnic Group Oyj: Managers' Transactions
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22.8.2016	Plc Uutechnic Group Oyj: Managers' transactions
22.8.2016	Plc Uutechnic Group Oyj: Managers' Transactions
19.8.2016	In the Share Issue of Plc Uutechnic Group Oyj 542 000 Shares were Subscribed
17.8.2016	Uutechnic Group's Half Year Financial Report for 1 January – 30 June 2016
16.8.2016	Financial Supervisory Authority has in Accordance with Section 26 of the Chapter 11 of the Securities Markets Act Granted a Permission to Derogate from the Obligation to Launch a Bid with Regard to Plc Uutechnic Group Oyj
16.8.2016	Plc Uutechnic Group Oyj will Advance the Publication of Half Year Financial Report
22.6.2016	The Lessor of Japrotek Oy Ab Changes
21.6.2016	Uutechnic Group will Centralize Agitator Production in Finland to Uusikaupunki
6.6.2016	The board of directors of PLC Uutechnic group oyj resolved on a share issue directed to the personnel and management
6.6.2016	Uutechnic Group Received a Significant Order
3.5.2016	Uutechnic Group Received New Orders Over 5 Million Euros
28.4.2016	The Annual General Meeting of Plc Uutechnic Group Oyj Held on April 28, 2015
25.4.2016	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act
7.4.2016	Invitation to Annual General Meeting
7.4.2016	Plc Uutechnic Group Oyj's Annual Report from the Fiscal Period 1.1.-31.12.2015 has been Published
11.3.2016	Review of Uutechnic Goroup's Financial Statements for 1 January – 31 December 2015
26.2.2016	Uutechnic Group's Order Backlog Progressed Favorable During the First Months of the Year 2016
17.2.2016	Japrotek Oy Ab, a Subsidiary of Uutechnic Group, Concludes Co-determination negotiations
11.2.2016	Advance Information on Uutechnic Group's Result for 2015
29.1.2016	Uutechnic Group Delivers Drying Cylinders to Valmet
26.1.2016	Japrotek Oy Ab, a Subsidiary of Uutechnic Group, Starts Co-Determination Negotiations
20.1.2016	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act
20.1.2016	The New Shares of Uutechnic Group Registered with the Trade Register
14.1.2016	All the Shares of Uutechnic Group's Directed Share Issue have been Subscribed
12.1.2016	Mr. Ismo Haaparanta has been Appointed as Deputy CEO of Uutechnic Group

BOARD OF DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2016

Uutechnic Group's turnover for the financial year 2016 amounted to EUR 36.4 million (8.9 million), and its operating result was EUR 0.9 million (1.2 million). Uutechnic Group's order book stood at EUR 15.9 million (11.7 million) at the end of the financial year. The earnings per share from continuing operations was EUR 0.01 (0.03).

OUTLOOK

The Group seeks to be a globally known and preferred cooperation partner with a good financial standing in selected product and market segments. The Group pursues growth organically while also considering opportunities for growth through acquisitions.

The main objective for 2017 is to improve the Group's profitability. Based on the strong order book, the Group's turnover is expected to continue to grow and operating profit is expected to improve compared to the previous year, particularly in the second half of the year.

Another key objective is to grow the mixing technology business and strengthen its significance as a success factor for the Group. The main focus in the mixing technology business in 2017 is investing in sales and marketing as well as finalizing the reorganization of operations. These measures are aimed at improving profitability and creating a foundation for a substantial increase in turnover.

BUSINESS REPORTING

Uutechnic Group focuses on improving the competitiveness of its customers by providing advanced process technology and a unique service concept worldwide. Its product range includes agitators, pressure vessels, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones.

The Group's main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertilizer industry and other chemical industries, and environmental technology.

Plc Uutechnic Group Oyj, the parent company of Uutechnic Group, is listed on Nasdaq Helsinki. The Group's subsidiaries are wholly owned by the parent company. The parent company is responsible for the Group's management, strategic planning, financial administration, IT, financing and HR management. The Group's business operations are carried out by the subsidiaries: AP-Tela Oy, Japrotek Oy Ab, Uutechnic Oy and Stelzer Rührtechnik International GmbH.

All of the Group's business operations are reported under one segment.

Mixing technology business

The recently concluded financial year was the first under the new Group structure. At the end of June, the Group announced its decision to centralize its mixing technology business in Finland. The manufacturing of Jamix agitators was relocated from Pietarsaari to Uutechnic Oy's factory in Uusikaupunki at the beginning of September. In a move related to the centralisation of the mixing technology business, the Group's sales company Steva Oy was merged with Uutechnic Oy at the end of June and Steva's personnel were transferred to Uutechnic Oy. The centralisation of operations was aimed at clarifying the structure of the business in Finland and improving productivity.

Restructuring operations between Uutechnic Oy and Stelzer GmbH in the mixing technology business began in earnest in the fourth quarter. The first concrete measure was to divide manufacturing capacity between the companies during the latter part of the year. Integration planning and implementation will continue in the financial year 2017.

Immediately after the end of the financial year, the Group announced it is strengthening its competence in the mixing technology business in line with the Group's strategy by appointing PhD (Eng) Jussi Vaarno as Vice President and a member of the Group Management Team starting from 16 January 2017. At the same time, the Group announced that its objective is to grow the mixing technology business and strengthen its significance as a success factor for the Group.

At the end of the financial year, the Group announced it had received an order for a complete delivery of a leaching autoclave and agitators to Norilsk Nickel's Harjavalta plant. This represented the first significant order for a complete delivery in line with Uutechnic Group's strategy, with Japrotek Oy Ab delivering the leaching autoclave and Uutechnic Oy delivering the autoclave agitators.

During the financial year, the mixing technology business had a strong focus on new customer acquisition; for example, by signing new international representation agreements in Poland, China, Singapore, Malaysia and Indonesia, and by participating in international fairs and exhibitions. The Group has also sought new markets in regions including Latin America.

Vessel business

For Japrotek Oy Ab, the financial year was a period of major challenges and opportunities. The heavily loss-making business was restored to profitability and the result for the financial year showed a substantial profit due to higher turnover as well as various measures implemented by the company. The cost reduction targets set at the start of the financial year were achieved.

The automation of production and centralising the manufacture of agitators in Uusikaupunki made it possible to rationalise and streamline vessel manufacturing processes. Cost savings were achieved by, among other things, enhancing the efficiency of the subcontracting chain and expanding it. In design, the company's own expertise was strengthened by recruiting more personnel, and a design system development project was launched to reduce costs. Cooperation between the Group companies was strengthened in both design and manufacture.

The vessel business saw its order book improve after a challenging start to the year, and the Group received several significant orders. Some of the deliveries will extend all the way to 2018.

Roll and pipe business

AP Tela Oy's order book was at a record high during the financial year. The company invested in, among other things, increasing its inside turning capacity, managing production load and acquiring more processing and warehousing space.

The largest delivery during the financial year consisted of the design and manufacture of 27 massive drying cylinders. The delivery was made in the fourth quarter of 2016. The project ended up being loss-making and it also had significant negative impacts on other projects. Consequently, AP-Tela's operating result was substantially in the red. AP-Tela started co-determination negotiations at the end of the financial year to adjust its operations.

ORDER BOOK

Uutechnic Group's order book stood at EUR 15.9 million (11.7 million) at the end of the financial year, up 36.1% year-on-year. The order book extends to 2018.

TURNOVER AND PROFITABILITY

Uutechnic Group's turnover for the financial year 2016 amounted to EUR 36.4 million (8.9 million), and its operating result was EUR 0.9 million (1.2 million). The comparative combined turnover of the Group's operating subsidiaries in the previous financial year was EUR 30.6 million.

Finland represented approximately 48% of the Group's turnover, including indirect exports. The rest of Europe accounted for 40% of turnover, while Asia represented 9%, South America 2% and North America 2%.

The Group's weaker-than-expected operating result was affected by losses made on a significant project in AP-Tela Oy as well as the project's impacts on other manufacturing operations. In spite of the challenges related to the manufacture of the new product, the project was delivered to the customer as agreed. With the exception of AP-Tela, the Group companies achieved a positive operating result.

The efficiency improvement programmes started by the Group in the previous financial year, aiming at total savings of EUR 1.5 million compared to 2015, were implemented as planned. The Group will continue to review and streamline processes.

FINANCIAL STANDING AND LIQUIDITY

At the end of the financial year, Uutechnic Group's balance sheet total stood at EUR 23.7 million (22.2 million). The Group's interest-bearing liabilities totalled EUR 5.1 million (5.5 million), including EUR 2.0 million in subordinated loans. The Group's cash flow from operations for the financial year was EUR 0,8 million (1,4 million).

At the end of the financial year, the Group's equity ratio was 78.2% (68.0%) and net gearing was 30.9% (50.5%). Return on investment (ROI) for the financial year was 2.8% (13.6%), and return on equity (ROE) was 7.2% (12.4%).

Non-current assets on Uutechnic Group's balance sheet totalled EUR 11.7 million (11.1 million).

EQUITY

The Group's equity stood at EUR 10.5 million (9.5 million) at the end of the financial year.

Loans granted by two shareholders, totalling EUR 2.0 million, were converted into unsecured subordinated loans in conjunction with a financing arrangement in 2015. These loans are subordinated loans in accordance with chapter 12 of the Limited Liability Companies Act, and their capital repayments and interest payments must meet the conditions provided in the Act. The loans will be repaid as a one-off payment on 31 December 2019. However, the company is entitled to pay early. The annual interest rate on the outstanding loan capital is 4%. Of the total loan capital, EUR 1 million involves a specific right of exchange. To the extent that loan capital remains unpaid on 31 December 2017, the creditors are entitled to convert EUR 1 million of the capital, in part or in full, into shares in the company at a value of EUR 0.25. This right of exchange is based on the authorisation to issue shares that was approved by the company's Annual General Meeting on 14 April 2015.

RESEARCH, PRODUCT DEVELOPMENT AND INVESTMENTS

The Group's research and product development activities were focused on the design and implementation of customised customer solutions. The expenses are recognised as an annual cost.

The Group's investments in fixed assets for the financial year totalled EUR 1.0 million (0.04 million). The investments primarily involved equipment purchases as well as processing and warehousing space.

PERSONNEL

At the end of the financial year, Uutechnic Group had 195 (179) employees, of whom 84 (75) were white collar and 111 (104) were blue collar. Of the employees, 131 worked in Finland and 64 in Germany.

ENVIRONMENTAL POLICY

Uutechnic Group takes environmental impact into account in the business operations, and the Group's environmental policy aims at the development of own operations and customers' processes while also considering environmental aspects. Responsibility concerns the entire life cycles of the Group's products. We create positive environmental effects by improving the energy efficiency and quality of our customers' processes. In line with our operating principles, we make use of technologies that minimize our environmental impact. We engage in open dialogue about environmental issues and seek to optimize our energy use and reduce our emissions. Our openness ensures that our products are manufactured sustainably.

AUTHORISATION TO ISSUE SHARES

In accordance with the proposal of the Board of Directors, the Annual General Meeting of 28 April 2016 authorised the Board of Directors to resolve on the issue of at most 10,000,000 new shares or special rights entitling to shares, with at most 1,000,000 of these allocated to the Group's personnel and Board of Directors.

SHARE ISSUES

On 6 June 2016, the Board of Directors of Plc Uutechnic Group Oyj resolved on a directed issue of at most 1,000,000 new shares. According to the resolution, at most 800,000 shares would be offered to the personnel and at most 200,000 shares would be offered to the Board of Directors. The subscription period of the share issue ended on 12 August 2016 and the Board of Directors approved the subscription of 542,000 new shares. The subscription price per share was EUR 0.50. The new shares subscribed in the share issue represented approximately 1.0 per cent of all shares and votes in the company. The members of the company's Board of Directors subscribed in full the shares offered to them.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

On 28 April 2016, the Annual General Meeting re-elected Sami Alatalo (Vice Chairman) and Jouko Peräaho (Chairman) and elected Hannu Kottonen and Kristiina Lagerstedt as new Board members. The new members are independent of the company and its major shareholders.

Martti Heikkilä has served as the Group's CEO since 1 December 2015.

Ernst & Young, Authorised Public Accountants, served as the Group's auditor, with Osmo Valovirta, APA, as the principal auditor.

The Company adheres to the Finnish Corporate Governance Code 2015 for listed companies (Nasdaq Helsinki). The Group publishes its Corporate Governance Statement as part of its annual report and on its website at www.uutechnicgroup.fi

REMARKABLE RISKS AND UNCERTAINTY FACTORS AND THEIR MANAGEMENT

The demand for Uutechnic Group's products is dependent on trends and developments in the global economy and the Group's customer industries, which poses a general external risk to its operations. The Group seeks to mitigate the risks arising from changes in demand by targeting its sales operations in line with current trends in various market areas and customer industries.

According to the Board of Directors of the Group's parent company, other significant risks and uncertainty factors to which the Group is exposed are related to at least the following aspects:

- Turning the Group's previously loss-making units into profitable units or maintaining the profitability of units requires further improvements in competitiveness and the achievement of sufficient operating volumes.

- The Group will continue to implement consolidation processes and pursue identified synergies to improve profitability. It is possible that not all of the identified synergies will be achieved, or that processes will fail.

- The Group aims to grow organically as well as through acquisitions. There is no certainty that the Group will be able to find suitable candidates for acquisition, obtain the financing required for acquisitions or acquire businesses on satisfactory terms.

- The acquisition prices paid in the context of business combinations and the goodwill generated by them also involve risks. The Group's calculations to test goodwill are based on financial forecasts and assumptions prepared by the management.

- Part of the Group's business operations consist of major or large project deliveries. Extensive and complicated projects involve the risk that the future costs and any other risks related to the delivery cannot be estimated sufficiently accurately in the bidding phase. In such cases, the result of the project may prove weaker than expected. In contracts for extensive projects, the claims for compensation for delayed delivery or deficient performance may be significant.

- Unfavourable changes in the financial markets may have an effect on the Group's result and the availability of equity and debt financing on competitive terms. Uncertainty in the international economy may lead to payment delays and an increased risk of credit losses.

The Group seeks to protect itself against risks using all measures that can reasonably be implemented. These include, among other things, measures aimed at improving profitability and productivity, training for employees, guidelines and instructions, insurance policies, critical examination of the terms and conditions of commercial agreements and the systematic monitoring and development of operations.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 2 January 2017, the company announced that Nordea Bank Finland will transfer its market-making for Plc Uutechnic Group Oyj to Nordea Bank AB (publ) due to the merger of Nordea Bank Finland and its parent company Nordea Bank AB (publ).

Also on 2 January 2017, Uutechnic Group announced it is strengthening its competence in the mixing technology business in line with the Group's strategy by appointing Jussi Vaarno PhD (Eng) as Vice President and a member of the Group Management Team starting from 16 January 2017. Uutechnic Group's objective is to grow the mixing technology business and strengthen its significance as a success factor for the Group.

On 19 January 2017, the company announced that AP-Tela Oy, a subsidiary of Uutechnic Group, had concluded codetermination negotiations. The negotiations were based on the restructuring of operations and on financial and production-related reasons. The negotiations concerned the company's entire personnel. It was decided that the number of employees would be adjusted according to the company's financial situation and order book. Terminations of employment contracts will concern three persons and temporary layoffs will last 90 days at most.

THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

The parent company's profit for the financial year was EUR 0.7 million. At the end of the financial year, the parent company's distributable funds stood at EUR 10.4 million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid and the profit for the period be transferred to the retained earnings account.

ANNUAL GENERAL MEETING

The Annual General Meeting of Plc Uutechnic Group Oyj will be held at the Scandic Park Hotel in Helsinki on 30 March 2017 at 1:00 p.m.

FINANCIAL STATEMENTS 2016

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

BUSINESS INDICATORS

Business indicators	2016 IFRS	2015 IFRS
Turnover, continuing operations	36 377	8 859
Revenue change, %	311	286
Operating profit	881	1 186
% of turnover	2,4	13,4
Profit/loss before taxes	190	810
% of turnover	0,5	9,1
Profit/loss for the period	716	245
% of turnover	2,0	2,8
Equity holders of the parent	716	987
% of turnover	2,0	11,1
Return on equity (ROE), %	7,2	12,4
Return on investment (ROI), %	2,8	13,6
Equity ratio, %	78,2	68,0
Net gearing	30,9	50,5
Current Ratio	1,3	1,4
Gross investments in fixed assets	1 011	41
% of turnover	2,8	0,5
Order backlog	15 899	11 680
Consolidated balance sheet total	23 705	22 179
Total number of personnel at the end of the period	195	179
Share figures	**2016 IFRS**	**2015 IFRS**
Earnings per share, euros	0,01	0,03
Shareholders' equity, euros	0,19	0,17
Dividend per share, euros	0	0
Price earnings ratio (P/E)	39,2	12,3
Number of shares outstanding at the end of the period	56 505 210	55 963 210
Number of shares outstanding, average	56 148 248	29 516 938
Share rate development EUR	**2016 12 months**	**2015 12 months**
A share		
- high	0,74	0,76
- low	0,33	0,25
- average	0,52	0,42
- share price at the end of the fiscal year	0,50	0,40
Total amrket value, million euros	28,1	10,4
Number of shares traded during the fiscal year	14 587 446	5 604 336
Number of shares traded, %	25,8	21,6
Number of shareholders	1 485	1 073

*) proposal by the Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income	1.1.2016-31.12.2016	1.1.2015-31.12.2015	Liite-tieto
1 000 EUR			
UUTECHNIC GROUP			
REVENUE	**36 377**	**8 859**	4
Change in inventories of finished goods and work in progress	-170	-477	
Work performed for own purposes and capitalised	149		
Other operating income	162	34	5
Material and services	-19 397	-3 522	
Employee benefits expense	-11 187	-2 481	8
Depreciation and amortisation	-582	-137	7
Other operating expenses	-4 470	-1 089	6
OPERATING PROFIT	**881**	**1 186**	
Depreciation, amortization and impairment loss of acquisition	-456	-76	
Financing income	6		
Financing expenses	-242	-300	10
PROFIT/LOSS BEFORE TAX	**190**	**810**	
Tax on income from operations	526	-102	
PROFIT/LOSS FROM CONTINUING OPERATIONS	716	**709**	
UUTECHNIC GROUP			
Profit/loss from discontinued operations	0	245	
PROFIT/LOSS FOR THE PERIOD	**716**	**954**	
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	0	33	
	0	**33**	
TOTAL COMPREHENSIVE INCOME	**716**	**987**	
Profit attributable to:			
Owners of the parent company	**716**	**709**	
Total comprehensive income attributable to:			
Owners of the parent company	**716**	**709**	
Earnings per share calculated on profit attributable to equity holders of the parent:			12
EPS undiluted, euros/share, continuing operations	0,01	0,02	
EPS diluted, euros/share, continuing operations	0,01	0,02	
EPS undiluted, euros/share, discontinuing operations	0,00	0,01	
EPS diluted, euros/share, discontinuing operations	0,00	0,01	
EPS undiluted, euros/share	0,01	0,03	
EPS diluted, euros/share	0,01	0,03	
Average number of shares			
Undiluted EPS (FAS and IFRS) divisor, outstanding during the financial year	56 148 248	29 516 938	
Diluted EPS (FAS and IFRS) divisor, outstanding during the financial year	56 148 248	29 516 938	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position			
1 000 EUR	**31.12.2016**	**31.12.2015**	**Liitetieto**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1 918	2 262	14
Goodwill	3 534	3 534	15
Tangible assets	5 612	5 295	13
Available for sale investments	25	25	16
Deferred tax asset	621		17
NON-CURRENT ASSETS	**11 710**	**11 115**	
CURRENT ASSETS			
Inventories	2 728	2 684	18
Trade receivables and other receivables	5 000	7 478	19
Current receivables for revenue recognized in part prior to project completion	2 304	223	19
Tax Receivable, income tax	54	0	
Cash and cash equivalents	1 909	679	20
LYHYTAIKAISET VARAT	**11 995**	**11 063**	
ASSETS	**23 705**	**22 179**	
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	2 872	2 872	
Share premium	6	6	
Unrestricted equity reserve	6 376	6 120	
Translation differences	33	33	
Accumulated earnings	1 188	472	
Owners of the parent company	**10 475**	9 504	
EQUITY	**10 475**	**9 504**	21
NON-CURRENT LIABILITIES			
Deferred tax liability	425	525	17
Subordinated loans	2 000	2 000	24
Non-current liabilities, interest-bearing	1 609	2 000	24
Non-current provisions	274	263	22
NON-CURRENT LIABILITIES	**4 308**	**4 788**	
CURRENT LIABILITIES			
Current interest-bearing liabilities	1 536	1 482	24
Trade Payables and Other Liabilities	7 342	6 360	25
Tax liability, income tax	44	10	25
Current provisions	0	35	
CURRENT LIABILITIES	**8 921**	**7 887**	
EQUITY AND LIABILITIES	**23 705**	**22 179**	

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, INDIRECT			
1 000 EUR	**1.1.-31.12.2016**	**1.1.-31.12.2015**	**Liite-tieto**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	716	709	
Profit/loss for the period, discontinued operations		245	
Depreciation, amortisation & impairment	582	151	7
Depreciation, amortization and impairment loss of acquisition	456	76	
Other non-cash items	-841	-499	
Financial income and expenses	236	91	10
Tax on income from operations	195	163	
Flow of funds from operations before the change in working capital	**1 343**	**936**	
Working capital changes			
Increase / decrease in inventories	-44	297	
Increase /decrease in trade and other receivables	-1 158	755	
Increase / decrease in trade payables	934	-602	
Flow of funds from operations before the change in working capital	**1 076**	**1 385**	
Interest paid	-161	-49	10
Dividends received	1		
Interest received	4	246	
Other financing items	1		
Income taxes paid	-98	-176	
NET CASH FROM OPERATING ACTIVITIES	**822**	**1 406**	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	-1 011	-42	13
Proceeds from sale of tangible and intangible assets	0	25	
NET CASH USED IN INVESTING ACTIVITIES	**-1 011**	**-16**	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	1 756	0	
Dividends paid		-700	
Proceeds from current borrowings	18	0	
Repayment of current borrowings	-435	-2 750	
Proceeds from non-current borrowings	79	2 000	
NET CASH USED IN FINANCING ACTIVITIES	**1 419**	**-1 450**	
Change of liquid funds	**1 230**	**-61**	
Cash and cash equivalents, opening amount	679	587	
Liquid assets received in connection with the acquisition		438	
Liquid assets to be transferred to uncontinued operations		-286	
Liquid assets at the end of the fiscal year	1 909	679	
Change in liquid assets according to the balance sheet	**1 230**	**-61**	

The allocation of the cash flow items related to the reverse aquisition between the periods has been changed. This has an effect on the net cash from operating activities and net cash flow in financing activities on the reference period. This change has been made in order to make the net cash flow from operating activities more comparative.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 EUR

	Share capital	Share premium	Unrestricted equity reserve	Translation differences	Retained earnings	Total	Total equity
EQUITY 1.1.2016	**2 872**	**6**	**6 120**	**33**	**472**	**9 504**	**9 504**
Adjusted equity	**2 872**	**6**	**6 120**	**33**	**472**	**9 504**	**9 504**
Comprehensive income							
Profit/loss for the period					716	716	716
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**0**	**0**	**716**	**716**	**716**
Transactions with owners							
Share issue	0	0	271	0	0	271	271
Transaction costs for equity (listing and issue costs)	0	0	-15	0	0	-15	-15
Total transactions with owners	**0**	**0**	**256**	**0**	**0**	**256**	**256**
Changes in ownership interests in subsidiaries							
TOTAL EQUITY 31.12.2016	**2 872**	**6**	**6 376**	**33**	**1 188**	**10 475**	**10 475**

	Emoyrityksen omistajille kuuluva oma pääoma						
	Share capital	Share premium	Unrestricted equity reserve	Translation differences	Retained earnings	Total	Total equity
EQUITY 1.1.2015	**17**	**0**	**0**	**0**	**5 872**	**5 889**	**5 889**
Adjusted equity	**17**	**0**	**0**	**0**	**5 872**	**5 889**	**5 889**
Comprehensive income							
Profit/loss for the period					954	**954**	954
Translation differences				33		**33**	**33**
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**0**	**33**	**954**	**987**	**987**
Transactions with owners							
Dividend distribution					-700	-700	-700
Share issue			1 500		0	1 500	1 500
Share exchange			7 680		0	7 680	7 680
Transaction costs for equity (listing and issue costs)			-159		0	-159	-159
Items due to reverse acquisition	2 855	6	-2 901			-40	-40
Items to be transferred with the merger					-5 654	-5 654	**-5 654**
Total transactions with owners	**2 855**	**6**	**6 120**	**0**	**-6 354**	**2 627**	**2 627**
Changes in ownership interests in subsidiaries							
TOTAL EQUITY 31.12.2015	**2 872**	**6**	**6 120**	**33**	**472**	**9 504**	**9 504**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Plc Uutechnic Group Oyj, the parent company of Uutechnic Group, is a Finnish public limited liability company domiciled in Uusikaupunki. Its registered business address is Muottitie 2, 23500 Uusikaupunki. Its shares have been listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1989.

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide. Its product range includes agitators, pressure vessels, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones. Its main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology. All of the Group's business operations are reported under one segment.

At its meeting on 8 March 2017, the Board of Directors of Plc Uutechnic Group Oyj approved these financial statements to be published. In accordance with the Finnish Limited Liability Companies Act, the shareholders of the company have the opportunity to approve or reject the financial statements after their publication. They also have the opportunity to decide that the financial statements be amended.

2. ACCOUNTING PRINCIPLES

Basis of preparation

Uutechnic Group's consolidated financial statements for the financial year 1 January–31 December 2016 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and related interpretations approved for application within the European Union. The consolidated financial statements comply with the IAS and IFRS standards and SIC and IFRIC interpretations effective on 31 December 2016. The notes to the consolidated financial statements also comply with the provisions of Finnish accounting and corporate law.

The consolidated financial statements have been drawn up based on original acquisition cost.

Financial year

The financial year of Plc Uutechnic Group Oyj is the calendar year, from 1 January to 31 December.

The comparison figures for the 2016 financial statements are affected by a merger and financing arrangement in which the business operations of Vaahto Group and Uutechnic Group Oy were combined. The arrangement is recognised as a reverse acquisition in the consolidated IFRS financial statements. In the comparison figures, Uutechnic Oy is consolidated for the period 1 January–31 December 2015 and the former Vaahto Group is consolidated for the period 1 November–31 December 2015. In the demerger of Uutechnic, the business operations excluded from the merger and the related balance sheet items are recognised as discontinued operations in the income statement and as items to be eliminated in conjunction with the merger on 31 December 2015 on the balance sheet.

Consolidation principles

The consolidated financial statements include the parent company, Plc Uutechnic Group Oyj, and all of the subsidiaries controlled by the parent company. With regard to all of the subsidiaries, this control is based on their share capital being wholly owned by the Group.

In the consolidated financial statements, acquired subsidiaries are consolidated as of that date when the Group gains control of them. Mutual ownership between group companies is eliminated using the acquisition cost method. The acquisition cost is allocated to the identifiable assets and liabilities of the object of acquisition at fair value at the time of acquisition. The difference between the acquisition cost of a subsidiary and the identifiable acquired assets and liabilities is recognised as goodwill on the balance sheet.

All intra-group business transactions, receivables, liabilities and unrealised gains, as well as the internal distribution of profits, are eliminated when preparing the consolidated financial statements. The profit for the period attributable to the shareholders of the parent company and that attributable to non-controlling interest are presented in the income statement, and equity attributable to non-controlling interest is presented as a separate item in equity on the balance sheet. Loss attributable to non-controlling interest is recognised in the consolidated financial statements in the amount of the investment at the maximum.

Non-current assets available for sale and discontinued operations

Non-current assets held for sale, disposal groups, and liabilities related to assets held for sale are classified as assets held for sale and valued at book value or, if lower, current value less sales costs, if the value corresponding to their book value will be generated mostly from asset sale instead of continuous use. In this case, the Group's management has committed to the sale of the asset in question and sale during the next 12 months is expected to be highly likely and considered practicable in the intermediate time.

An operation is classified to be discontinued on the date it fulfils the precondition either of being classified as an asset held for sale or of the operation having been disposed of. A discontinued operation is a part of an entity that has been disposed of or classified as an asset held for sale and that represents a separate, important business area or geographic area of operation; is part of a single co-ordinated plan addressing disposing of operations in a separate, important business area or geographic area of operation; or is a subsidiary that has been acquired with the sole intention of it being resold

Application of new or amended standards and interpretations

Uutechnic Group has not yet applied the following new or amended standards and interpretations published by the IASB. The Group will adopt each standard and interpretation as of its effective date, or as of the beginning of the financial year immediately following the effective date if the effective date is not the first day of a financial year.

The International Accounting Standards Board has published three new standards that concern Uutechnic Group: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases. IFRS 15 and IFRS 9 are effective from 1 January 2018 onwards, while IFRS 16 is effective from 1 January 2019 onwards. IFRS 16 may also be applied earlier, but only in conjunction with IFRS 15.The European Union has approved IFRS 15 and IFRS 9, but IFRS 16 has not yet been approved.

IFRS 15 establishes a five-step model for recognising revenue from contracts with customers. Revenue is recognised when, or as, the customer obtains control of the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, IFRS 15 requires quantitative and qualitative disclosures about the entity's contracts with customers, performance obligations in the contracts and significant judgements made. Uutechnic Group has applied the percentage-of-completion principle in recognising revenue from long-term projects. According to the Group's estimate, applying the percentage-of-completion method under IFRS 15 will not require changes to systems. The Group is still in the process of evaluating the overall effects of the new standard.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Uutechnic Group is currently evaluating the impact of this standard and amendments on its consolidated financial statements and plans to adopt the new standard on the required effective date. However, based on Uutechnic Group's preliminary assessment, application of IFRS 9 is not expected to have a material impact on the transactions and balances recognised in the Group's consolidated financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Uutechnic Group has begun a preliminary assessment of the IFRS 16 standard's effects on the financial statements

Assets and liabilities in foreign currencies

The consolidated financial statements are presented in euros, the functional and presentation currency of the Group.

Transactions denominated in foreign currencies are converted into euros at the exchange rate applicable on the date of the transaction. Assets and debts denominated in foreign currencies are converted into euros at the exchange rate in effect on the balance sheet date. Foreign exchange gains and losses are included in the corresponding items above operating profit. Currency translation differences related to financial items are included in financing gains or losses.

In the consolidated financial statements, the income statements of foreign Group companies are converted to euros at the average exchange rate for the period, and balance sheets are converted at the exchange rate in effect on the balance sheet date. Currency translation differences caused by the use of different exchange rates and by the elimination of the cost of acquisition of foreign subsidiaries are entered under the Group's shareholders' equity as a separate item.

Revenue recognition principles

Product sales are recognised when the significant risks and benefits related to ownership of the products have been transferred to the buyer. Service sales are recognised when the service has been delivered to the customer.

The income and expenses from long-term projects are recognised as income and expenses on the basis of the percentage of completion when the result of the project can be assessed reliably. The percentage of completion of a project is determined by the ratio of the expenses of accrued work hours to the estimated overall cost of the project. When it is likely that the total costs necessary for completing a project exceed the total income from the project, the expected loss is immediately entered as an expense.

When the outcome of a long-term project cannot be estimated reliably, project costs are recognised as expenses in the fiscal year in which they arise, and project income is recognised only to the extent of project costs incurred where it is probable that those costs will be recoverable. Losses caused by the project are recognised as an expense immediately.

Subsidies received

Public subsidies are entered as income in the income statement at the same time as the expenses are entered. Subsidies related to the acquisition of tangible assets are recognised as a deduction in the carrying amount of tangible assets.

Employee benefits

Pension liabilities for the Group's Finnish personnel have been covered through a pension insurance company. All of the Group's pension arrangements are defined contribution arrangements, and the related costs are entered in the income statement for the fiscal year in which they were incurred.

Operating profit

The Group has defined operating profit as follows: operating profit is the net sum obtained after adding other operating income to the turnover and then deducting purchasing costs, adjusted by the change in stocks of finished products and work in progress and the expenses of products manufactured for the Group's own use; costs of employee benefits; depreciation; any impairment losses; and other operating expenses excluding acquisitions and depreciation on disposals. All other income statement items are presented below the operating profit. Currency translation differences are included in the operating profit if they arise from items connected with business operations; otherwise, they are entered among financial items. Shares of profits of affiliated companies are included in the operating profit if the operation of the affiliated company is considered to be closely related to the Group's business, otherwise they are included in the financial items. The Group had no affiliated companies in the financial year 2016 and the comparison year 2015.

Borrowing costs

Borrowing costs are recorded as an expense in the financial year in which they are incurred. Transaction costs that are directly related to the taking out of loans and are clearly linked to a specific loan are included in the amortised cost and are amortised as interest costs using the effective interest rate method if they are significant.

Income tax

The tax expense in the income statement consists of current tax, based on the taxable profit for the period, and deferred tax. Current tax is calculated on the taxable profit in accordance with the local tax laws applied to each Group company. The tax is adjusted by any relevant tax amounts for previous years.

Deferred tax is calculated for temporary differences between accounting and taxation at the tax rate applicable on the date of the financial statement. Temporary differences are caused by, e.g., depreciation of property, plants, and equipment; non-tax-deductible impairment items; internal stock margin; and unused taxation losses. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised. The conditions of the recognition of deferred taxes are evaluated on the closing date of every reporting period.

Tangible assets

Property, plant and equipment are valued at their original acquisition cost minus accumulated depreciation and any impairment losses.

If a property, plant, and equipment item consists of several parts with different useful lives, each part is accounted for as a separate item. When such a part is replaced, the related costs are capitalised. Otherwise, subsequent expenses are included in the carrying amount for property, plant, and equipment only if it is probable that they will increase the economic benefit to the company and that the acquisition cost of the item can be determined reliably. The earnings impact of other repair and maintenance costs is recognised as incurred.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings	35 - 40 years
Machinery and equipment	5 - 25 years

The residual value of assets and their useful lives are reassessed annually when the financial statements are prepared, and they are adjusted if necessary. Gains or losses from the sale or disposal of property, plants, and equipment are recognised as either other operating income or other operating expenses.

Intangible assets:

Goodwill

Goodwill represents that amount of the acquisition cost that exceeds the Group's share of the fair value on the date of acquisition of the net assets of a company acquired after the IFRS transition date. Planned depreciation is not deducted from the consolidated goodwill. Instead, it is tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. Goodwill is valued at the original acquisition cost, with any impairment deducted. In pursuance of the business arrangement made in 2015 goodwill was arised, from which a part is directed to the brands of the subsidiaries. The part in question is not depreciated but will be tested annually for impairment.

Expenditure on research and development

Research costs are entered in the income statement as expenses. Development costs for new or more advanced products are capitalised on the balance sheet as intangible assets when the product is technologically viable and commercially exploitable and when economic benefits can be expected from the product. Development costs previously entered as expenses are not capitalised later. Depreciation is recognised for the asset from the date it is ready for use. The useful life of capitalised development expenditure is five years, and capitalised assets are amortised on a straight-line basis over this period.

Other intangible assets

An intangible asset is included in the balance sheet figures only if its acquisition cost can be determined reliably and if it will increase the economic benefit to the company. Patents, trademarks, and licenses whose useful life is finite are entered on the balance sheet at the original acquisition cost and amortised in the income statement on a straight-line basis over their known or estimated useful life.

Costs for development and construction of significant new software are capitalised on the balance sheet as intangible assets and amortised on a straight-line basis over their useful life. The direct costs capitalised include consulting and specialist fees paid to third parties, software licenses purchased for applications, and other direct costs. Software maintenance and operation costs are recorded as an expense for the financial year in which they are incurred.

The depreciation periods are as follows:

Intangible rights	5 years
IT - software	3 - 5 years
Other intangible assets	5 years

Impairments

Annually, on the balance sheet date, the Group reviews its assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is also estimated annually for goodwill, irrespective of whether there is any indication of impairment.

The recoverable amount is calculated as the higher of 1) fair value minus cost to sell and 2) value in use. The value in use is the present value of the estimated future net cash flows obtainable from the asset or cash-generating unit. An impairment loss is recognised if the carrying amount of an asset exceeds the recoverable amount. An impairment loss is reversed if conditions have changed and the recoverable amount for the asset changed after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been declared if no impairment loss had been recognised. Impairment losses recognised on goodwill are never reversed.

Inventories

Inventories are stated at the lower of acquisition cost and probable net realisable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, and an appropriate share of variable and fixed production overheads based on normal operating capacity. The net realisable value is the estimated selling price in the ordinary course of business, minus the costs of completion and the selling expenses.

Trade and other receivables

Trade and other receivables are recognised at original value. Credit losses are expensed when there is sufficient evidence that the Group will not obtain all of its receivables under the original terms.

Financial assets and liabilities

Financial assets are classified as belonging to the following categories: loans and other receivables and available-for-sale financial assets. Financial assets are classified on their original acquisition date on the basis of the purpose for which they were acquired.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted on an active market and that the company does not hold for trading purposes. This category includes the Group's financial assets that have been generated by transferring money or assets to a debtor. They are valued at the amortised acquisition cost and included in long- and short-term financial assets – the latter if they fall due for payment within 12 months.

Available-for-sale financial assets consist of shares and debt with interest, and they are recognised at their fair value. However, non-listed shares have been recognised at acquisition cost due to the unavailability of reliable fair values. Changes in the fair value are entered in the fair value reserve in equity, with the tax effect taken into account. Changes in fair value are transferred from equity to the income statement when the instrument is sold or its value has fallen so that an impairment loss has to be recognised for the instrument. Available-for-sale financial assets are included in long-term assets, except if the intention is to hold them for less than 12 months after the balance sheet date, in which case they are included in short-term assets.

Cash and cash equivalents comprise cash in hand and bank deposits that can be obtained on demand.

Financial liabilities are valued at the amortised acquisition cost. Financial liabilities are included in non-current and current liabilities, and they may be interest-bearing or not.

Provisions

A provision is recognised in the balance sheet figures when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated.

A warranty provision is recognised when the underlying product is sold. The warranty provision is based on past experience of actual claims over the warranty period.

A provision is recognised for unprofitable contracts when the costs required to fulfill the obligations exceed the benefits received under the contract.

Rental agreements

Rental agreements concerning tangible and intangible assets in which the Group holds a material share of the risks and benefits of ownership are classified as financial lease agreements. A financial lease agreement is entered on the balance sheet at either the fair value of the leased asset on the starting date of the lease agreement or the current value of the minimum rent amounts, whichever is lower. Tangible assets acquired under financial lease agreements are depreciated over their economic life or the term of the lease, whichever is shorter. Lease payments are divided into financing costs and installment payment of the liability so that the interest rate for the remaining liability remains unchanged.

Rental agreements under which the risks and benefits of ownership are retained by the hirer are treated as other rental agreements. Rent paid in connection with other rental agreements is expensed in even installments in the income statement over the duration of the rental period.

Derivative financial instruments and hedging

Derivative financial instruments are initially entered in the accounts at their acquisition cost, which corresponds to their fair value. Subsequently, derivatives are stated at fair value.

The fair values of currency forward contracts are determined by comparing the value of the currency amount of the contract as calculated using the original forward rate with the value calculated using the forward rate on the balance sheet date. Gains and losses generated by recognition at fair value are handled in the accounts in the manner specified according to the purpose of the derivative financial instrument.

The fair values of interest derivatives are determined by discounting the contractual cash flows to the current value with the market interest rate on the balance sheet date.

Derivative instruments are used in the Group as a rule to hedge against exchange rate and interest rate risks. The currency forward contracts and currency option contracts are used to protect trade receivables and account payables as well as future receivables and liabilities. The interest rate derivatives are used to hedge against the changes of interest rates.

Accounting principles requiring judgments by management and key sources of estimation uncertainty

In the preparation of the consolidated financial statements in accordance with the IFRS standards, estimates and assumptions have to be made concerning the future, and actual results may differ from these estimates and assumptions. For the most part, these estimates affect the valuation of assets, the recognition of long-term projects under the percentage-of-completion method, and the utilisation of deferred tax assets.

The Group tests goodwill annually for impairment and evaluates indications of impairment as set forth in the accounting principles above. The recoverable amount from cash-generating units is determined using calculations that are based on value in use. The use of these calculations requires the application of estimates. The cash flow forecasts used for the calculations are based on the annual predictions concerning the income statement and maintenance investments made by the management, prepared in connection with the Group's budgeting process. The management bases its forecast on actual developments and its opinion of the growth outlook for the industry. The forecasts include uncertainty in respect of the development of the industry's market situation.

As described in the section on revenue recognition principles, the income and expenses from long-term projects are recognised as income and expenses on the basis of the percentage of completion when the result of the project can be assessed reliably. Recognition associated with the percentage of completion is based on the expected income and expenses of the project and on reliable measurement of project progress. If estimates of the project's outcome change, the recognised sales and profit are amended in the fiscal year during which the change becomes known and can be estimated for the first time. Any loss expected from the project is recognised as an expense immediately.

1 000 EUR

3. SEGMENT REPORTING

INFORMATION ABOUT GEOGRAPHICAL AREAS

The geographical areas are presented by the main market areas. The turnover for the geographical area is presented in order of the clients' location. Assets and the investments are presented in accordance with their location. Assets include tangible and intangible assets and goodwill.

Fiscal year 2016	Finland	Other Europe	North-America	South-America	Asia	Africa	Group total
Net turnover	17 330	14 491	697	655	3 193	10	36 377
Assets	7 955	3 109					11 063
Investments	958	53					1 011
Fiscal year 2015	**Finland**	**Other Europe**	**North-America**	**South-America**	**Asia**	**Africa**	**Group total**
Net turnover	3 503	3 193	256	179	1 723	5	8 859
Assets	7 894	3 196					11 090
Investments	34	8					42

INFORMATION ABOUT KEY CUSTOMERS

The Group's turnover includes proceeds from an individual customer 5,7 M EUR that exceeds 10 % of the Group's turnover. (In 2015 1,044 M EUR)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. LONG TERM PROJECTS

	1.1.-31.12.2016	1.1.-31.12.2015
Net turnover		
Net turnover of construction contracts recognized under the percentage of completion method	14 883	5 086
Other turnover	21 494	3 773
Total	**36 377**	**8 859**
The amount that has been recognized as revenue from the long-term projects recognized under the percentage of completion method (however, not yet delivered to the customer), during the fiscal period and during the earlier periods	11 149	1448
Order backlog		
Construction contracts recognized under the percentage of completion method	11 013	6 900
Projects entered on completion of the project	4 886	4 780
Order backlog total	**15 899**	**11 680**
The amount of contract revenue of the construction contracts recognized as revenue has been deducted from the order backlog.		
Specification of combined items of assets and liabilities concerning the construction contracts		
Accrued income from the construction contracts recognized under the percentage of completion method	10 766	6 478
Advances received from the customers	-8 462	-6 255
Difference	**2 304**	**223**

5. OTHER OPERATING INCOME

	1.1.-31.12.2016	1.1.-31.12.2015
Other operating income		
Subsidy	89	25
Other income	73	9
Total	**162**	**34**

1 000 EUR

6. OTHER OPERATING EXPENSES

	1.1.-31.12.2016	1.1.-31.12.2015
Other operating expenses		
Rents	679	277
Overhead costs of production	603	106
Travelling expenses	375	58
IT-costs	435	38
Expenses from real estates and apartments	527	94
Sales costs	184	33
Non-statuory employee benefits	212	25
Costs of bank guarantees and insurances	324	17
Marketing expenses	107	10
Quality and environment expenses	125	14
Other expenses	900	417
Total	**4 470**	**1 089**

In 2015 figures assets to be eliminated include facilities occupied by continuing operations. These assets are subject to expenses, such as amortisations. After the demerger, these expenses will be replaced by rents collected by the asset company. The inclusion of these expenses in discontinued operations without including the rents in continuing operations would distort the profitability of continuing operations. For this reason, rent expenses in accordance with the rent level after the demerger, as well as the corresponding tax effects, are included in continuing operations in the historical IFRS figures.

Other operating expenses include fees paid to the auditors	1.1.-31.12.2016	1.1.-31.12.2015
Auditing fees	110	5
Consulting and other fees	63	90
Total	**173**	**95**

7. DEPRECIATION AND IMPAIRMENTS

	1.1.-31.12.2016	1.1.-31.12.2015
Depriciations by groups of assets		
Intangible assets		
Intangible rights	13	13
Other long-term assets	9	0
Total	**22**	**13**
Tangible assets		
Buildings	109	18
Buildings, financial lease	5	
Machinery and equipment	342	86
Machinery and equipment, financial lease	60	11
Other tangible assets	43	9
Total	**560**	**124**
Depreciations of goodwill realated to the aquisition in 2015 are presented after operating profit in the Income statement.	456	76
Depreciations and impairments total	**1 038**	**213**

1 000 EUR

8. COSTS OF EMPLOYEE BENEFITS

	1.1.-31.12.2016	1.1.-31.12.2015
Costs of employee benefits		
Salaries and fees	9 342	2 012
Pension expenses, defined contribution plan	1 356	355
Other employee benefits	490	115
Total	**11 187**	**2 481**
Management and Board salaries, fees and benefits		
CEO	152	204
Board members and substitute members	236	81
Total	**388**	**286**
Number of personnel of the Group at the end of the period		
White collar	84	75
Blue collar	111	104
Total	**195**	**179**

The information concerning the employee benefits of the management can be found on note 28. “Related party transactions”.

9. EXPEDINTURE ON RESEARCH AND DEVELOPMENT

Research and development expenditure

The Group’s research and development operations focused on designing and executing tailored customer solutions. Costs are handled as yearly expenses.

10. FINANCING EXPENCES

	1.1.-31.12.2016	1.1.-31.12.2015
Financing expenses		
Interest expenses	195	**187**
Foreign exchange losses	0	**13**
Other financing expenses	47	**100**
Total	**242**	**300**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX

	1.1.-31.12.2016	1.1.-31.12.2015
Income taxes in income statement		
Tax on income from operations from the fiscal period	-195	-119
Change in deferred tax liabilities and tax assets	721	18
Total	**526**	**-102**
Reconciliation between tax provision on income statement and mathematical tax based on parent company’s tax rate	**1.1.-31.12.2016**	**1.1.-31.12.2015**
Profit or loss before taxes	190	810
Parent company’s tax rate at the end of the fiscal period	20%	20%
Mathematical tax based on parent company’s tax rate	38	162
Differences between tax provision on income statement and mathematical tax based on parent company’s tax rate due to:		
Effect of different tax rates in foreign subsidiaries	45	31
Non-deductible income	-1	
Non-deductible expenses	7	1
The lossses of the financial year of which deffered tax has not recorded	164	-26
The allocation of previously unrecognized confirmed losses to the taxes of the period	-211	
The deferred tax from previously unrecognized comfirmed losses.	-621	
Other timing differences	54	-66
Tax provision on income statement	**-525**	**102**
Effective tax rate	-276%	13%

1 000 EUR

12. EARNINGS PER SHARE

	1.1.-31.12.2016	1.1.-31.12.2015
Net profit or loss attributable to the shareholders' of the parent, continuing operations, eur	716	709
Net profit or loss attributable to the shareholders' of the parent, discontinuing operations, eur		245
Average number of shares during the fiscal period	56 148 248	29 516 938
Earnings per share calculated on profit attributable to equity holders of the parent:		
Earnings per share undiluted, euros/share, continuing operations	0,01	0,02
Earnings per share undiluted, euros/share, discontinuing operations	0,00	0,01
Earnings per share undiluted, euros/share, net profit/loss	0,01	0,03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TANGIBLE ASSETS

1.1.-31.12.2016	Land	Buildings	Buildings financial lease	Machinery and equipment	Machinery and equipment, financial lease	Other tangible assets	Advance payments and unfinished investments	Total
Acquisition cost at the beginning of the period	551	2 744		1 750	327	173	10	**5 555**
Increase		76	106	643		17	101	**943**
Acquisition cost at the end of the period	551	2 820	106	2 393	327	190	111	**6 498**
Accumulated depreciations and impairment losses at the beginning of the period		-29		-212	-11	-9		**-261**
Depreciations		-175	-5	-342	-60	-43		**-625**
Accumulated depreciations and impairment losses at the end of the period		-204	-5	-554	-71	-52		**-886**
Book value at the beginning of the period	**551**	**2 714**	**0**	**1 538**	**316**	**164**	**10**	**5 294**
Book value at the end of the period	**551**	**2 616**	**101**	**1 839**	**256**	**138**	**111**	**5 612**

1.1.-31.12.2015	Land	Buildings	Buildings financial lease	Machinery and equipment	Machinery and equipment, financial lease	Other tangible assets	Advance payments and unfinished investments	Total
Acquisition cost at the beginning of the period				287				**287**
Merger of business operations	551	2 744		1 376	404	168	10	**5 252**
Increase				35		6		**41**
Decrease				-25				**-25**
Transfers between items				77	-77			**0**
Acquisition cost at the end of the period	551	2 744		1 750	327	173	10	**5 555**
Accumulated depreciations and impairment losses at the beginning of the period				-126				**-126**
Depreciations		-29		-86	-11	-9		**-135**
Accumulated depreciations and impairment losses at the end of the period		-29		-212	-11	-9		**-261**
Book value at the beginning of the period				**162**				**162**
Book value at the end of the period	**551**	**2 714**		**1 538**	**316**	**164**	**10**	**5 294**

1 000 EUR

14. INTANGIBLE ASSETS

1.1.-31.12.2016	Intangible rights	Other long-term assets	Brands	Brands no depreciation	Intangible assets total
Acquisition cost at the beginning of the period	48	429	263	1 622	2 362
Increase	22	46			68
Decrease	-2				-2
Acquisition cost at the end of the period	68	475	263	1 622	2 428
Accumulated depreciations and impairment losses at the beginning of the period	-35	-61	-4		-100
Depreciations	-13	-372	-26		-412
Accumulated depreciations and impairment losses at the end of the period	-48	-433	-31		-512
Book value at the beginning of the period	**13**	**369**	**259**	**1 622**	**2 263**
Book value at the end of the period	**20**	**42**	**232**	**1 622**	**1 917**

1.1.-31.12.2015	Intangible rights	Other long-term assets	Brands	Brands no depreciation	Intangible assets total
Acquisition cost at the beginning of the period	33				33
Increase	14	429	263	1 622	2 328
Decrease	1				1
Acquisition cost at the end of the period	48	429	263	1 622	2 362
Accumulated depreciations and impairment losses at the beginning of the period	-22				-22
Depreciations	-13	-61	-4		-78
Accumulated depreciations and impairment losses at the end of the period	-35	-61	-4		-100
Book value at the beginning of the period	**11**				**11**
Book value at the end of the period	**13**	**369**	**259**	**1 622**	**2 262**

Intangible rights include activated acquisition costs of patents, trade marks and licences. Goodwill, see Notes to the Consolidated Financial Statements, item 15. "Goodwill"

Depreciation of acquisition related to the arrangement in 2015 are reported in the Income Stament below operating profit

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. GOODWILL VALUES

Goodwill	1.1.-31.12.2016	1.1.-31.12.2015
Acquisition cost at the beginning of the period	3 534	
Increase caused by the change in the Group structure		3 534
Acquisition cost at the end of the period	3 534	3 534
Book value at the end of the period	**3 534**	**3 534**

Testing of goodwill:

Goodwill values are tested for depreciation annually. The testing is performed for those cash generating units, to which the goodwill values area allocated. The value of the recoverable amount is based on utility value calculations.

Main assumptions in testing of goodwill:

The development of the turnover and cost level of the unit in question are the key assumptions used in the goodwill test calculations. The cash flow forecasts used in the calculations are based on the management's annual income statement and maintenance investment forecasts prepared in conjunction with the Group's budget process. The management's forecasts are based on actual performance and their view on the growth outlook for their field. Approved investment decisions are taken into account in growth forecasts. Financial plans and forecasts for the units to be tested have been prepared for a period of five years, and cash flows have been predicted for the test calculations for this period.

The goodwill remaining at the end of the financial year is attributable to Stelzer Rührtechnik International GmbH, Japrotek Oy, AP-Tela Oy and Uutechnic Oy. The cash flow forecasts for the companies are based on an estimate that assumes their profitability to improve during and after the financial year 2016 in comparison to 2016. The synergy benefits related to the merger are expected to generate some of this growth.

	The expected growth in net sales during the 5-year forecast period %	EBITDA during the 5-year forecast period %
AP-Tela Oy	6,15 - 8,7 %	11,1 - 53,85 %
Japrotek Oy Ab	5,3 - 6,3 %	5,3 - 6,3 %
Stelzer Rührtechnic Int. GmbH	2,9 - 4,8 %	4,4 - 18,4 %
Uutechnic Oy	8,1 - 12,5 %	9,4 - 15,0 %

Discount rate:

The WACC after taxes spesified for Uutechnic Group has been used as the discount rate. The discount rates for fiscal period 2016 were:

AP-Tela Oy	9,38 %	
Japrotek Oy Ab	9,38 %	
Stelzer Rührtechnic Int. GmbH	8,76 %	
Uutechnic Oy	9,38 %	

Sensitivity of the main assumptions used in testing of depreciation:

	The discount rate may increase % points	Net cash flow may decrease %
AP-Tela Oy	8,2	-90,9
Japrotek Oy Ab	18,9	-93,9
Stelzer Rührtechnic Int. GmbH	21,4	-99,0
Uutechnic Oy	36,6	-112,1

16. AVAILABLE FOR SALE INVESTMENTS

1 000 EUR	1.1.-31.12.2016	1.1.-31.12.2015
Available for sale investments		
Other shares and holdings, available for sale, not listed	25	25
Total	**25**	**25**

The investments of the Group in other shares consist of investments in unlisted shares, which are either non-profit shares or shares related to the Group's business.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets	31.12.2015	Allocated to the tax from the period	Allocated to deferred taxes	Unused 31.12.2016
Tax losses carried forward	8 838	-1 055	-3 102	4 681
Deffered tax assets 20%			621	

Deferred tax liabilities	31.12.2016	Recognized in income statement	31.12.2015	Recognized in income statement
Merger of business operations	332	90	422	15
Other timing differences	93	10	103	2
Total	**425**	**100**	**525**	**17**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

18. INVENTORIES

	31.12.2016	31.12.2015
Inventories		
Materials and supplies	1 461	1 087
Work in progress	1 195	1 343
Finished products	73	254
Total	**2 728**	**2 684**

19. SHORT-TERM RECEIVABLES

	31.12.2016	31.12.2015
Trade and other receivables		
Trade receivables*	4 747	4 169
Advance payment receivables**		1 257
Advance payments for inventories		273
Other receivables	82	1 675
Prepayments and accrued income	2 475	327
Total	**7 304**	**7 701**

* Trade receivables do not include any significant risk concentrations.
Since 2016, advance payment receivables are not reported in the balance sheet.

Ageing analysis of trade receivables	Not due	Past due less than 180 days	Past due more than 180 days	Total
	3 172	1 216	359	**4 747**

Prepayments and accrued income	31.12.2016	31.12.2015
Prepayments and accrued income consists of:		
Receivables from the construction contracts recognized under the percentage of completion method	2 304	223
Other prepayments and accrued income on expenses	171	104
Total	**2 475**	**327**

20. CASH AND CASH EQUIVALENTS

	31.12.2016	31.12.2015
Cash and bank		
Cash and bank	1 909	679
Total		**679**
Change of liquid funds in the flow of funds statement		
Liquid funds at the beginning of the period	679	587
Merger of business operations		152
Liquid funds at the end of the period	1 909	679
Change of liquid funds in the balance sheet	**1 230**	**-60**

21. SHAREHOLDERS' EQUITY

Share Capital

Plc Uutechnic Group Oyj's registered and fully paid share capital of 31 December 2016 was 2,872,302 and the number of shares in the company was 56,505,210.

At the beginning of the review period, the total number of shares and votes in Plc Uutechnic Group Oyj was 25,963,210. The shares subscribed for during the directed share issue carried out in late 2015 were entered into the Trade Register on 20 January 2016. The total number of these shares was 30,000,000, which increased the total number of shares and votes in Plc Uutechnic Group Oyj to 55,963,210.

On 6 June 2016, in accordance with authorization given on 28 April 2016 by the Annual General Meeting, the company announced that its Board of Directors had decided to carry out a share issue directed to its personnel and management where a maximum of 1,000,000 new shares may be subscribed. In the Share Issue the Board of Directors has approved subscription of 542,000 new shares. After above mentioned share issues the number of Plc Uutechnic Group Oyj's shares is 56,505,210.

Share premium account

Share premium account includes the share premiums of issues according to the previous Companies Act (29.9.1978).

Translation differences

Translation differences include exchange gains and losses arising from the translation of the financial statements of foreign companies.

Dividends

The Board of Directors has proposed that no dividends will be paid from fiscal year 2016.

Capital Management

The objective of Group's capital management is to ensure the continuity of the business of Uutechnic Group and to maintain the optimal capital structure in order to ensure the investments taking into the account the capital expenses. Shareholders' equity and liabilities, excluded the advance payments received, are included into the capital.

The Group's equity stood at EUR 10.5 million at the end of the financial year.

In conjunction with the financing arrangement in 2015, the loans granted by two owners, totalling EUR 2.0 million, were converted into unsecured subordinated loans. These loans are subordinated loans in accordance with chapter 12 of the Limited Liability Companies Act, and their capital repayments and interest payments must meet the conditions provided in the Act. The loans will be repaid as a one-off payment on 31 December 2019. However, the company is entitled to pay early. The annual interest rate on the outstanding loan capital is 4%. Of the total loan capital, EUR 1 million involves a specific right of exchange. To the extent that loan capital remains unpaid on 31 December 2017, the creditors are entitled to convert EUR 1 million of the capital, in part or in full, into shares in the company at a value of EUR 0.25. This right of exchange is based on the authorisation to issue shares that was approved by the company's Annual General Meeting on 14 April 2015.

The Group monitors the development of the capital structure using the equity ratio quarterly. This key figure is calculated by dividing the shareholders' equity of the Group with the total liabilities, excluded the amount of advance payments received. The equity ratio on 31 December 2016 was 78,2%.

1 000 EUR

21. SHAREHOLDERS' EQUITY

	31.12.2016	31.12.2015
SHARE CAPITAL		
Share capital at the beginning of the period	2 872	**17**
Items due to reverce aquisition		2 855
Share capital at the end of the period	**2 872**	**2 872**
RESERVES		
Share premium account at the beginning of the period	6	
Items due to reverce aquisition		6
Share premium account at the end of the period	**6**	**6**
Unristrected equity reserve		
Unrestricted equity reserve at the beginning of the period	6 120	
Share issue	271	1 500
Items due to reverce aquisition		7 680
Share issue expenses	-15	-159
Items due to reverce aquisition		-2 901
Unrestricted equity reserve at the end of the period	**6 376**	**6 120**
Reserves total	**6 382**	**6 126**
Translation differences		
Translation difference, restricted equity at date of acquisition	33	33
Translation differences	**33**	**33**
RETAINED EARNINGS		
Retained earnings at the beginning of the period	472	5 872
Items to be transferred in splitting	0	-5 654
Retained earnings	**472**	**218**
Profit or loss for the fiscal period	716	954
Profit or loss for the fiscal period	**716**	**954**
Dividend distribution		**-700**
Retained earnings	**1 188**	**472**
Shareholders of the parent company	**1 188**	**472**
MINORITY INTEREST		
Minority interest		
Total shareholders' equity	**10 475**	**9 503**

22. PROVISIONS

Non-current provisions, 1 000 EUR	Warranty provision	Pension provision	Total
Provisions at the beginning of the period	104	159	263
Change of the provisions	20	-9	11
Provisions at the end of the period	**124**	**150**	**274**

Current provisions, 1 000 EUR	Warranty provision	Pension provision	Total
Provisions at the beginning of the period	35		35
Change of the provisions	-35		-35
Provisions at the end of the period	**0**	**0**	**0**

The warranty provision covers warranty-related costs for products that have a product warranty. Warranty periods are usually 24 months long, in which time the provisions will be used. The pension provision consists of pension liabilities of one retired person in German subsidiary.

Transferred projects
The Group's companies have a transfer-related, warranty-period responsibility for projects transferred by the end of the fiscal period.

23. INTEREST-BEARING LIABILITIES

	31.12.2016	31.12.2015
Non-current liabilities, interest-bearing		
Loans from financial institutions	1 529	2 000
Financial leasing	79	
Subordinated loans from owners	2 000	2 000
Total	**3 608**	**4 000**
Current liabilities, interest-bearing		
Loans from financial institutions	1 517	1 482
Financial leasing	18	
Total	**1 536**	**1 482**

1 000 EUR

24. FINANCIAL RISK MANAGEMENT

The objective of the Group's financial risk management policy is to minimize the harmful effects of financial market volatility on the Group's results. The primary financial risks are currency and interest rate risks. The Group's general principles of risk management are approved by the Board, and their implemention is the responsibility of the Group's financial administration function and the business units.

CURRENCY RISK

In accordance with the principles of currency risk management, currency forward contracts and currency option contracts are as a rule used to hedge against significant exchange rate risks. The currency forward contracts are used to protect receivables and future assets.

Exposure to foreign exchange risk from transactions, 1000 EUR

	31.12.2016			
Group total at the end of the fiscal period	**SEK**	**NOK**	**ZAR**	**USD**
Foreign currency trade receivables				52,6
Foreign currency account payables	-34,3		-1,2	-299,2
Foreign currency cash and bank	2,5	11,4	4,2	0,4
Net exposure in balance sheet	**-31,8**	**11,4**	**3,0**	**-246,2**
	31.12.2015			
Group total at the end of the fiscal period	**SEK**	**NOK**	**ZAR**	**USD**
Foreign currency trade receivables				
Foreign currency account payables	-183,0		-33,0	-303,0
Foreign currency cash and bank				
Net exposure in balance sheet	**-183,0**	**0,0**	**-33,0**	**-303,0**
Sensitivity analysis				
The effect of a 10% weakening currencies (against euro) in euro:	**31.12.2016**			
Group total at the end of the fiscal period	**SEK**	**NOK**	**ZAR**	**USD**
Profit or loss for the period before taxes	0,3	-0,1	0,0	21,2
Profit or loss for the period, net of taxes	0,2	-0,1	0,0	17,0
	31.12.2015			
Group total at the end of the fiscal period	**SEK**	**NOK**	**ZAR**	**USD**
Profit or loss for the period before taxes	1,8		0,2	25,3
Profit or loss for the period, net of taxes	1,4		0,1	20,2

INTEREST RATE RISK

Interest rate risk is caused by the effect of changes in the general level of interest rates on the value of interest-bearing liabilities. The interest rate risk can be managed using interest rate swap and interest rate option contracts.

Sensitivity analysis of interest rate

	Interest expenses according to the payment plan 31.12.2016	Increase of the interest expenses resulted from the change of the interest rate +1%
Loans from financial institutions	134	72
Financial leasing	15	2
Subordinated loans from owners	320	
Total	**454**	**74**

The interests of subordinated loans are fixed.

CREDIT RISK

For the most part, protection againts credit risks is managed by taking them into account in the selection of the term and method of payment. The Group does not usually provide customer financing; instead, it cooperates with banks and export credit agencies to support the financing of customers' equipment investments.

REFINANCING AND LIQUIDITY RISK

Liquidity risk:
The Group monitors and estimates continuously the quantities of funds needed to run the business operations, so that the Group will, at all times, retain enough liquid assets to fund the operations and repay debts that fall due. The availability and flexibility of funding are ensured by unused credit limits and book credits.

To assess the liquidity, the Group has prepared the monthly cash flow forecast, which extends until February 2018. The cash flow statement is based on the earnings forecast for fiscal period 2017 prepared in connection with the consolidated financial statements. At the balance sheet date, the working capital of the Group is sufficient for the needs of next 12 months, if the Group will achieve the forecasted profit targets. As the result levels used in the calculations do not reflect the actual performance of previous years, they include the uncertainty.

FINANCIAL ARRANGEMENTS

The financing agreement between the Group and its financiers includes a covenant requiring that the Group's gearing ratio not exceed 0.65. The ratio will be determined annually based on the Group's confirmed financial statements by taking capital loans in accordance with the Limited Liability Companies Act, among other factors, into account in equity when calculating the net gearing ratio. 31.12.2016 the gearing ratio was 0.1.

The parent company's loan of EUR 2 million from the Turku Region OP Bank includes a covenant requiring that the loan margin be tied to the ratio between Uutechnic Group's net interest-bearing liabilities and EBITDA. The initial loan margin is 2.35 percentage points. If the ratio is 2 or below, the margin will decrease to 1.90 percentage points. The margins will be reviewed for the first time based on the financial statements for 2016. After that, they will be reviewed annually. 31.12.2016 the ratio was 0,83.

1 000 EUR

24. FINANCIAL RISK MANAGEMENT

Cash flows of financial liabilities according to the payment plan, 1 000 EUR

Maturing during the fiscal period	**2017 During 1-6 months**	**2017 During 7-12 months**	**2018**	**2019**	**2020**	**2021**	**Later**	**Total**
Loans from financial institutions, capital	235	236	471	471	471	118		**2 002**
Loans from financial institutions, interests	42	37	28	18	8	1		**134**
Financial leasing, capital		18	19	21	22	17		**97**
Financial leasing, interests		5	4	3	2	1		**15**
Subordinated loans from owners, capital				2 000				**2 000**
Subordinated loans from owners, interests				320				**320**
Total	**277**	**296**	**522**	**2 833**	**503**	**137**		**4 568**
Interest-free liabilities Maturing during the fiscal period	**2017 During 1-6 months**	**2017 During 7-12 months**	**2018**	**2019**	**2020**	**2021**	**Later**	**Total**
Trade payables	2 367							2 367
Total	**2 367**							**2 367**

Cash flows of financial receivables according to the payment plan

Short-term receivables Maturing during the fiscal period	**Earlier matured**	**2017**	**2018**	**2019**	**2020**	**2021**	**Later**	**Total**
Trade payables	1 576	3 171						**4 747**
Total	**1 576**	**3 171**						**4 747**

24. FINANCIAL RISK MANAGEMENT

Maturing times and effective interest rates (weighted averages) of interest-bearing liabilities 31.12.2016

	Maturing times, years	Interest rate %
Loans from financial institutions	5	2,1 %
Subordinated loans from owners	3	4,0 %

Credit limits in use
In the end of the fiscal year 31.12.2016 the Group had credit limits in use total 1.04 million euros.
The average interest rate of the credit limits was 2.55 %.

Unused credit limits
In the end of the fiscal year 31.12.2016 the Group had unused book limits total 1,9 million euros.

25. SHORT-TERM LIABILITIES

	31.12.2016	31.12.2015
Trade payables and other liabilities		
Advance payments received	1 839	692
Advance payments, unpaid		1 257
Trade payables	2 367	2 105
Other short-term liabilities	888	450
Accruals and deferred income	2 248	1 856
Total	**7 342**	**6 360**
Accruals and deferred income consist of:		
Accrued employee expenses	1 076	945
Interest liabilities	94	
Other accruals and deferred income	1 078	911
Total	**2 248**	**1 856**
Tax liability		
Tax liability, income tax	44	10
Total	**44**	**10**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair values of other than derivative contracts, 1 000 EUR

Financial assets	**Book value 31.12.2016**	**Fair value 31.12.2016**	**Book value 31.12.2015**	**Fair value 31.12.2015**
Trade receivables and other receivables	7 304	7 304	7 701	7 701
Rahat ja pankkisaamiset	1 909	1 909	679	679

Financial liabilities	**Book value 31.12.2016**	**Fair value 31.12.2016**	**Book value 31.12.2015**	**Fair value 31.12.2015**
Long-term loans from financial institutes	1 529	1 529	2 000	2 000
Subordinated loans from owners	2 000	2 000	2 000	2 000
Long-term financial leasing	79	79		
Short-term loans from financial institutes	1 517	1 517	1 481	1 481
Short-term financial leasing	18	18		
Trade payables and other liabilities	7 342	7 342	6 360	6 360

27. SECURITIES AND RESPONSIBILITIES

SECURITIES AND RESPONSIBILITIES

1 000 EUR	**31.12.2016**	**31.12.2015**
Granted securities		
Dept secured by real estate and corporate mortgages		
Loans from financial instititions and	2 000	2 267
Credit limits in use	1 104	1 215
Total	**3 104**	**3 482**
Loans from financial institutions are secured by real estate and corporate mortgages and share pledges. Share pledges are the share capitals of Plc Uutechnic Group Oyj's subsidiaries.		
Mortgages granted to secure loans and bank guarantees		
Real estate mortgages	4 743	4 743
Corporate mortgages	22 238	17 238
Total	**26 981**	**21 981**
Other granted secirities for own behalf		
Deposits	9	9
Total	**9**	**9**

27. SECURITIES AND RESPONSIBILITIES

Other granted securities

Plc Uutechnic Group Oyj has granted as secirities the share capitals of its subsidiaries AP-Tela Oy, Japrotek Oy, Uutechnic Oy and Stelzer Rührtechnik International GmbH.

Contignent Liabilities and Other Liabilities	31.12.2016	31.12.2015
Bank quarantees		
Bank guarantee limits total	10 500	7 443
Bank guarantee limits in use	6 485	5 235
Operating lease agreements		
Within a year	20	23
More than one year but no more than 5 years	18	27
Total	**38**	**50**

Operating lease contracts consist mainly of short-term leasing contracts for IT equipment and sotware. The terms and condidtions are of leasing agreements correspond to those of normal operational leasing agreements.

Other rent agreements

The Group has rented production and office buildings for its use with various types of terminable rental agreements.

	31.12.2016	31.12.2015
Rent liabilities		
Within a year	568	552
Moren than one year but no more than 5 years	2 785	2 209
Later	2 046	3 134
Total	**5 399**	**6 447**
Other contingent liabilities		
Granted guarantees to customers and creditors	1 230	50
Guarantees granted to secure bank guarantee limit	10 500	7 443
Guarantees granted to secure bank loans	3 104	3 482
Guarantees granted to secure rent guarantees	400	410
Total	**15 234**	**11 385**

1 000 EUR

28. RELATED PARTY TRANSACTIONS

The Group has related party relationships with members of the Board of Directors and management team, managing director and major shareholders. In addition, related parties include all entities controlled or jointly controlled by a person idenfitied as related party.

Rent expenses	**31.12.2016**	**31.12.2015**
The renting expenses of the factory property for the corporation in the control of the members of the Board	552	180
Long-term loans		
Long-term loans from the shareholders of the parent company	2 000	2 000
Employee benefits for the management Salaries and fees of the parent company management		
CEO:		
Heikkilä Martti Olavi	152	118
Rasinmäki Kalle		86
Group Management	548	137
Board members:		
Alatalo Sami	34	6
Lindström Timo	7	37
Peräaho Jouko	166	39
Kottonen Hannu	15	
Lagerstedt Kristiina	15	

Jouko Peräaho, Chairman of the Board, has been paid 153 520 euros salary based on his full-time vacancy.

No special conditions for retirement, pension benefits, or discharge-related conditions have been spesified for the members of the Group's management. According to the employment contract of CEO and Deputy CEO, both the company and the CEO or the Deputy CEO are entitled to terminate the contract without any particular reason. In such a case, the period of notice on either side is three months. If the company terminates the contract, the CEO or the Deputy CEO will be paid 100,000.00 euros deducted by the salary paid during the period of notice. The CEO and the Deputy CEO has a bonus that is 1,25 % of the operating profit of the Group in 2016.

The members of the Group's management have not received the group's own shares as a reward or incentive. The Group currently has no stock option plan.

29. INDICATOR CALCULATION FORMULAS

Return on equity % (ROE) =	Profit/loss for the period / Shareholders' equity (average)	x 100
Return on investment % (ROI) =	Profit/loss before taxes + interest expenses and other financial expenses / Shareholders' equity + interest-bearing debts (average)	x 100
Equity ratio =	Shareholders' equity / Total assets - advances received	x 100
Current ratio =	Current assets / Short-term liabilities	
Net Gearing =	Interest-bearing debts - cash and bank deposits and other securities / Shareholders' equity	x 100

FORMULAS FOR PER SHARE ITEMS

Earnings per share, euros =	Profit/loss for the period / Number of shares outstanding issue adjusted (average)	
Shareholders' equity/share, euros =	Shareholders' equity / Number of shares outstanding issue adjusted, at the end of the fiscal year	
Dividend/share, euros =	Dividend for the fiscal year / Number of shares outstanding issue adjusted, at the end of the fiscal year	
Dividend/share, percentage =	Dividend for the fiscal year/share / Earnings/share	x 100
Effective dividend return, percentage =	Dividend for the fiscal year/share / Adjusted price of the share at the end of the fiscal year	x 100
Price per earnings (P/E) =	Adjusted price of the share at the end of the fiscal year / Earnings/share	
Average share price =	Total value of shares traded during the fiscal year / Total number of shares traded during the fiscal year	
Total market value =	Total number of shares at the end of the fiscal year x share price at the end of the fiscal year	
Development of shares traded =	Total number of shares traded during the fiscal year and its percentual share of the total number of series' shares	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

30. SHARES AND SHAREHOLDERS

According to the book-entry security system, Plc Uutechnic Group Oyj had 1 485 registered shareholders on 31 December 2016. There were in total 4,450,797 nominee-registered shares.

MAJOR SHAREHOLDERS	**Shares**			**Votes**
According to the book-entry security system, on 31 December 2016	**kpl**	**%**	**kpl**	**%**
Lindström Timo	8 790 000	15,56	8 790 000	15,56
Peräaho Jouko	8 690 000	15,38	8 690 000	15,38
Laakkonen Mikko	8 147 255	14,42	8 147 255	14,42
HML Finance Oy	5 029 375	8,90	5 029 375	8,90
UuCap Oy	4 805 000	8,50	4 805 000	8,50
Clearstream Banking S.A.*)	3 898 566	6,90	3 898 566	6,90
Peräaho Jonni	3 360 000	5,95	3 360 000	5,95
Lindström Ilona Iiris	1 680 000	2,97	1 680 000	2,97
Lindström Risto Herman	1 680 000	2,97	1 680 000	2,97
Laakkonen Hannu	1 625 000	2,88	1 625 000	2,88
Total for 10 largest	**47 705 196**	**84,43**	**47 705 196**	**84,43**
*) nominee-registered shares				

Lindström Timo, Peräaho Jouko, Peräaho Jonni, Lindström Ilona and Lindström Risto are 100 % owners of UuCap Oy. Hannu Laakkonen excersises control in HML Finance Oy.

The trade restriction related to the company- and financial arrangements ended 31.12.2016. Among major shareholders the restriction concerned Jouko Peräaho, Timo Lindström, Mikko Laakkonen, Hannu Laakkonen (+ HML Finance Oy), UuCap Oy, Jonni Peräaho, Risto Lindström and Ilona Lindström.

BREAKDOWN OF SHARE OWNERSHIP BY AMOUNT OF HOLDINGS	Share-holders		Shares		Votes	
According to the book-entry security system, on 31 December 2016	kpl	%	kpl	%	kpl	%
1 - 100	198	13,33	9 928	0,02	9 928	0,02
101 - 1 000	591	39,80	292 717	0,52	292 717	0,52
1 001 - 10 000	553	37,24	1 918 326	3,40	1 918 326	3,40
10 001 - 100 000	118	7,95	3 197 821	5,66	3 197 821	5,66
100 001 - 1 000 000	25	1,68	51 082 938	90,40	51 082 938	90,40
	1485	**100,00**	**56 501 730**	**99,99**	**56 501 730**	**99,99**
Nominee-registered shares	6		4 450 797	7,88	4 450 797	7,88
Outside the book-entry securities system			3 480	0,01	3 480	0,01
			56 505 210	**100,00**	**56 505 210**	**100,00**

BREAKDOWN OF SHARE OWNERSHIP BY GATEGORY OF OWNER	Share-holders		Shares		Votes	
According to the book-entry security system, 31 December 2016	kpl	%	kpl	%	kpl	%
Companies	59	3,97	10 734 051	19,00	10 734 051	19,00
Financial and insurance institutions	6	0,40	765 230	1,35	765 230	1,35
Public corporations	3	0,20	226 725	0,40	226 725	0,40
Households	1408	94,82	40 855 543	72,30	40 855 543	72,30
Non-profit organizations	3	0,20	541	0,00	541	0,00
Foreign countries	6	0,40	3 919 640	6,94	3 919 640	6,94
	1485	**100,00**	**56 501 730**	**99,99**	**56 501 730**	**99,99**
Nominee-registered shares	6		4 450 797	7,88	4 450 797	7,88
Outside the book-entry securities system			3 480	0,01	3 480	0,01
			56 505 210	**100,00**	**56 505 210**	**100,00**

1 000 EUR

30. SHARES AND SHAREHOLDERS

SHARE HOLDINGS OF THE MANAGEMENT		Shares		Votes
According to the book-entry security system, on 31 December 2016	no.	%	no.	%
Board of directors and CEO				
Peräaho Jouko, chairman of board	8 690 000	15,38	8 690 000	15,38
Alatalo Sami, vice chairman of board	50 000	0,88	50 000	0,88
Lagerstedt Kristiina, member of board	54 000	0,10	54 000	0,10
Kottonen Hannu, member of board	50 000	0,09	50 000	0,09
Heikkilä Martti, CEO	130 000	0,23	130 000	0,23
Group Management				
Haaparanta Ismo, deputy CEO	12 000	0,02	12 000	0,02
Lindström Timo, technology manager	8 790 000	15,56	8 790 000	15,56
Laine Jouni, sales director	106 000	0,19	106 000	0,19
Junninen Leena, finance manager	40 000	0,07	40 000	0,07
Kessen Christian, Stelzer md	2 000	0,00	2 000	0,00

Timo Lindström and Jouko Peräaho are both 36 % owners of UuCap Oy, which owns 8,50 % of Plc Uutechnic Group Oyj's shares. Sami Alatalo is in control of a company which owns 80 000 shares of Plc Uutechnic Gorup Oyj.

The trade restriction related to the company- and financial arrangements ended 31.12.2016.

Board members, CEO, Deputy CEO or managers of the Group have no holdings or special rights based on the company's share-based incentive systems.

31. EVENTS AFTER THE END OF THE FISCAL YEAR

On 2nd January 2017 the Group announced that Nordea Bank Finland Plc will transfer its market making for Plc Uutechnic Group Oyj to Nordea Bank AB (publ) due to a merger on 2 January 2017 with Nordea Bank AB (publ) as the continuing entity. Due to the merger Nordea Bank AB (publ) will assume all existing, contingent and future rights and obligations of Nordea Bank Finland Plc.

On 2nd Janyary 2017 Group also announced that Uutechnic Group will strengthen its competence in mixing technology business in line with the company's strategy by appointing PhD (Eng) Jussi Vaarno as a Vice President and a member of Group Management Team since January 16th, 2017. Uutechnic Group's objective is to increase the mixing technology business and reinforce the importance of it as a success factor for the Group.

On January 19, 2017 was announced that AP-Tela Oy, a subsidiary of Uutechnic Group, concluded the co-determination negotiations according to co-operation act of Finland. The negotiations were based on the restructuring of operations and on the financial and productive reasons of the company. Negotiations concerned entire personnel. It was decided that the number of personnel will be adjusted in accordance with the company's financial situation and order backlog. Terminations of employment contracts will concern 3 persons and temporarily lay-offs will last less than 90 days.

FINANCIAL STATEMENT OF THE PARENT COMPANY

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INCOME STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2016	1.1.-31.12.2015	Note
NET TURNOVER	**1 911**	**1 735**	2
Other income	77	0	3
Personnel expenses	-1 192	-816	5
Depreciations and impairment losses	-18	-12	6
Other operating expenses	-734	-1 101	7
OPERATING PROFIT OR LOSS	**43**	**-194**	4
Financing income and expenses	-126	-556	8
PROFIT OR LOSS BEFORE INCOME TAXES AND APPROPRIATIONS	**-83**	**-750**	
APPROPRIATIONS			
Change of reserves based on taxation		7 533	
Group contribution	632	0	9
PROFIT OR LOSS FOR THE FISCAL YEAR	**549**	**6 783**	

BALANCE SHEET OF THE PARENT COMPANY, FAS

	31.12.2016	31.12.2015	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	28	0	11
Tangible assets	48	50	11
Investments	9 786	9 786	11
NON-CURRENT ASSETS	**9 862**	**9 836**	
CURRENT ASSETS			
Long-term receivables	2 863	1 950	
Short-term receivables	3 965	4 015	
Cash and bank	7	88	
CURRENT ASSETS	**6 835**	**6 054**	12
ASSETS	**16 697**	**15 890**	
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	2 872	2 872	
Reserve fund	19 397	19 126	
Retained earnings	-10 536	-17 319	
Profit or loss for the fiscal year	549	6 783	
SHAREHOLDERS' EQUITY	**12 283**	**11 463**	13
LIABILITIES			
Long-term interest-bearing liabilities	3 529	4 000	14
Short-term interest-bearing liabilities	471	0	15
Short-term non-interest-bearing liabilities	415	427	15
LIABILITIES	**4 415**	**4 427**	
EQUITY AND LIABILITIES	**16 697**	**15 890**	

FLOW OF FUNDS STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2016	1.1.-31.12.2015
FLOW OF FUNDS FROM OPERATIONS		
Profit before extraordinary items	549	6 783
Adjustment items:		
Depreciations according to plan	18	12
Other income and expenses, no payment related	0	-7 553
Financial income and expenses	126	556
Flow of funds before the change in working capital	**693**	**-202**
Change in working capital:		
Change in short-term receivables	-1 354	-271
Change in short-term non-interest bearing creditors	-99	-251
Flow of funds before financial items and taxes	**-759**	**-724**
Interest and other financial expenses from operations paid	-84	-573
Dividends and other financial income received	1	
Interests received	44	17
FLOW OF FUNDS FROM OPERATIONS	**-799**	**-1 280**
FLOW OF FUNDS FROM INVESTMENTS:		
Investments in tangible and intangible assets	-44	-35
Income from sales of tangible and intangible assets	0	-11
Other investments	0	-96
FLOW OF FUNDS FROM INVESTMENTS	**-44**	**-142**
FLOW OF FUNDS FROM FINANCIAL ITEMS		
Share issue	1 771	4 996
Withdrawals of short-term loans	0	-318
Repayments of short-term loans	0	-2 000
Withdrawals of long-term loans	0	2 000
Repayment of long-term loans	0	-42
Saadut ja maksetut konserniavustukset	0	0
Loans granted to subsidiaries	-1 913	0
Change in Group account receivable or debt	904	-3 512
FLOW OF FUNDS FROM FINANCIAL ITEMS	**762**	**1 125**
Change of liquid funds	**-81**	**-297**
Liquid assets at the beginning of the fiscal year	88	386
Liquid assets at the end of the fiscal year	7	88
Change in liquid assets according to the balance sheet	-81	-297

The allocation of the cash flow items related to the reverse aquisition between the periods has been changed. This has an effect on the net cash from operating activities and net cash flow in financing activities on the reference period. This change has been made in order to make the net cash flow from operating activities more comparative.

NOTES TO THE INCOME STATEMENT

1. ACCOUNTING PRINCIPLES FOR FINANCIAL STATEMENTS

Accounting Principles for Financial Statements

The financial statement of Plc Uutechnic Group Oyj for the fiscal period 2016 were drawn up in accordance with Finnish accounting legislation.

Assets and Liabilities in Foreign Currencies

Transactions denominated in foreign currencies are entered at the exchange rate applicable on the date of the transaction. Assets and depts. denominated in foreign currencies that are open at the end of the fiscal year are valued at the exchange rate in effect on the balance sheet date.

Other Operating Income

Other operating income includes proceeds from the sale of tangible assets and other operating income received from Group companies.

Expenditure on Research and Development

There were no research and development costs during the fiscal year under review.

Pensions

Pension liabilities for the parent company's personnel have been covered through a pension insurance company. Statutory pension expenses have been entered under costs for the fiscal year in which they accumulated.

Leasing Payments

In the parent company's financial statement, leasing payments have been entered under annual costs in accordance with the Finnish Accounting Act.

Intangible Assets

Intangible assets include computer software. They are entered at the original acquisition cost, minus planned depreciation. The economic life (term of depreciation) of software is five years.

Tangible Assets

Tangible assets are entered on the balance sheet at their original acquisition cost, planned depreciation deducted. The economic lif of buildings and structures is 35 – 40 years and that of machines and equipment is 5 – 25 years.

Income Tax

Income tax has been entered in accordance with the Finnish Accounting Act.

	1.1.-31.12.2016	1.1.-31.12.2015
2. TURNOVER BY BUSINESSES AND MARKET AREAS		
By businesses		
Administration	1 911	1 735
Total	**1 911**	**1 735**
By market areas		
Finland	1 911	1 735
Total	**1 911**	**1 735**
3. OTHER OPERATING INCOME		
Subsidy	77	0
4. OPERATING PROFIT OR LOSS BY BUSINESSES		
Administration	43	7 339
Total	**43**	**7 339**
5. PERSONNEL		
Average number of personnel		
Office staff	9	8
Total	**9**	**8**
Personnel expenses		
Wages and salaries	993	716
Pension costs	168	83
Other personnel expenses	32	17
Total	**1 192**	**816**
Management's salaries and benefits		
Managing directors	152	468
Board members	236	57
Total	**388**	**524**

NOTES TO THE INCOME STATEMENT

	1.1.-31.12.2016	1.1.-31.12.2015
6. DEPRECIATIONS AND DECREASED VALUES		
Fixed assets have been depreciated according to plan. Depreciation according to plan is calculated based on straight line depreciation, the economic life and the original purchase value of assets.		
The estimated economic lives (years)		
Other long-term assets	5-10 v	5-10 v
Buildings	35-40 v	35-40 v
Machinery and equipment	5-25 v	5-25 v
Depreciations and decreased values		
Depreciations from tangible and intangible assets	18	12
Impairment losses from the shares in Group companies	0	0
Total	**12**	**12**
7. OTHER OPERATING EXPENSES		
Rent expenses	7	91
Non-statutory employee benefits	18	10
Other expenses	709	1 000
Total	**734**	**1 101**
8. FINANCIAL INCOME AND EXPENSES		
Other interest and other financial income	44	17
Group companies	1	1
Other	**45**	**17**
Total		
Financial income total	**45**	**17**
Interest and other financial expenses		
Group companies	0	10
Other	171	563
Total	**171**	**573**
Financial expenses total	**171**	**573**
Financial income and expenses total	**-126**	**-556**
9. APPROPRIATIONS		
Change of tax-based reserves	632	0
Group contribution from Uutechnic Oy	0	7 532

NOTES TO THE BALANCE SHEET

10. SHAREHOLDINGS	Registered Office	Number of Shares	Group Ownership %
Group Companies			
Company name			
AP-Tela Oy	Kokkola	480	100,00
Japrotek Oy Ab	Pietarsaari	100 000	100,00
Uutechnic Oy	Uusikaupunki	10 000	100,00
Stelzer Rührtechnik International GmbH	Warburg, Saksa		100,00
Vaahto Group Asia Limited	Hong Kong, Kiina		100,00

11. NON-CURRENT ASSETS	31.12.2016	31.12.2015
Intangible assets		
Other long-term assets		
Acquisition cost at the beginning of the fiscal year	59	59
Increase	35	0
Decrease	0	0
Acquisition cost at the end of the fiscal year	**94**	**59**
Accumulated depreciations at the beginning of the fiscal year	-59	-56
Depreciation of the fiscal year	-7	-3
Accumulated depreciations of the decrease	0	0
Accumulated depreciations at the end of the fiscal year	**-66**	**-59**
Book value at the end of the fiscal year	**28**	**0**
Intangible assets total	**28**	**0**
Tangible assets		
Machinery and equipments		
Acquisition cost at the beginning of the fiscal year	47	66
Increase	9	35
Decrease	0	-54
Acquisition cost at the end of the fiscal year	**56**	**47**
Accumulated depreciations at the beginning of the fiscal year	-9	-3
Accumulated depreciations of the decrease	0	-15
Depreciation of the fiscal year	-11	9
Accumulated depreciations at the end of the fiscal year	**-20**	**-9**
Book value at the end of the fiscal year	**36**	**38**
Other tangible assets		
Acquisition cost at the beginning of the fiscal year	12	12
Acquisition cost at the end of the fiscal year	**12**	**12**
Book value at the end of the fiscal year	**12**	**12**
Tangible assets total	**48**	**50**
Investments		
Shares in Group companies		
Acquisition cost at the beginning of the fiscal year	16 715	10 619
Increase	0	6 096
Acquisition cost at the end of the fiscal year	**16 715**	**16 715**
Accumulated depreciations and impairment losses at the beginning of the fiscal year	6 948	6 948
Impairment losses of the fiscal year		
Accumulated depreciations and impairment losses at the end of the fiscal year	**6 948**	**6 948**
Book value at the end of the fiscal year	**9 767**	**9 767**
Other shares		
Acquisition cost at the beginning of the fiscal year	19	19
Acquisition cost at the end of the fiscal year	**19**	**19**
Book value at the end of the fiscal year	**19**	**19**
Investments total	**9 786**	**9 786**

NOTES TO THE INCOME STATEMENT

Impairment-testing of shares insubsidiaries

The value of shares in subsidiaries in the parent company's accounts is the original cost plus investments made subsequently to consolidate the subsidiaries' eguity capital. Share value has substantial bearing on the parent company's solvency ratio and, thereby, on equity capital and other factors. Impairment test of shares in subsidiaries have been performed on the basis of the situation presented in the year-end accounts of 31 December 2016. A value-adjustment entry of 1,667,257.70 for the acquisition cost of shares of AP-Tela Oy and 170,000.00 for the acquisition cost of shares of Vaahto Asia Ltd have been made earlier. The calculations show no sign of share-value impairment in other subsidiaries.

12. CURRENT ASSETS	31.12.2016	31.12.2015
Long-term receivables from Group		
Other long-term receivables	2 863	1 950
Total	**2 863**	**1 950**
Long-term receivables total	**2 863**	**1 950**
Short-term receivables from Group companies		
Accounts receivable	949	269
Loan receivables	2 932	1 300
Other recevables	39	904
Prepaid expenses and accrued income	0	5
Total	**3 920**	**2 478**
Prepaid expenses and accrued income		
Other recevables	0	1 514
Prepaid expenses and accrued income	45	23
Total	**45**	**1 537**
Short-term receivables total	**3 965**	**4 015**
Cash and bank	7	88
Cash and bank	**7**	**88**

Capital loan receivables from Group companies

Long-term receivables from Group companies are capital loans to Japrotek Oy Ab and AP-Tela Oy meant by the Chapter 12 of the Companies Act § 1-2. At the closing of the financial period, on 31 December 2016, the parent company had 2.45 M EUR of subordinated loan receivables from Japrotek Oy Ab and 0.91 M EUR from AP-Tela Oy.

Impairment tests of subordinated loan receivables from subsidiaries have been performed on the basis of the situation presented in the yearend accounts of 31 December 2016. In the impairment calculations, recoverable funds are determined on the basis of utility value. The cash-flow forecasts used in the calculations are based on the management's annual profit and loss forecast and on maintenance investment forecasts made in connection with the Group's budgeting process. The management bases its forecasts on actual business developments and the management's view of the industry's growth outlook. Approved investment decisions are taken into account in the growth forecasts. Financial plans and forecasts made for the units subject to testing are prepared for five-year periods, and the test calculations include cash flows predicted for that full period. The growth rate applied in extrapolation of cash flows to post-forecast periods is 0%. The discount rate used in the calculations is Uutechnic Group's weighted average cost of capital (WACC) before tax. During the 2016 financial period, the discount rate of AP-Tela, Japrotek and Uutechnic Oy was 9,38 % and the discount rate of Stelzer Rührtechnic Int. GmbH was 8,76%.

The calculations show no sign of impairment in subordinated loan receivables from Japrotek Oy Ab and AP-Tela Oy.

As the turnover and operating profit levels used in the calculations do not reflect actual development achieved over the past few years, they include uncertainties.

13. SHAREHOLDERS' EQUITY	31.12.2016	31.12.2015
Share capital at the beginning of the fiscal year	2 872	2 872
Share capital at the end of the fiscal year	**2 872**	**2 872**
Unrestricted equity reserve at the beginning of the fiscal period	16 898	4 402
Share issue	271	6 496
Increase in interest in subsidiary (non-cash issue of the share exchange)	0	6 000
Unrestricted equity reserve at the end of the fiscal period	**17 169**	**16 898**
Reserve fund at the beginning of the fiscal year	2 228	2 228
Reserve fund at the end of the fiscal year	**2 228**	**2 228**
Retained earnings at the beginning of the fiscal year	-10 536	-17 319
Retained earnings in the end of the fiscal year	**-10 536**	**-17 319**
Profit or loss for the fiscal year	**549**	**6 783**
Shareholders' equity total	**12 283**	**11 463**
Calculation on distributable assets		
Retained earnings	-10 536	-17 319
Profit for the fiscal year	549	6 783
Unrextricted equity reserve	17 169	16 898
Distributable assets total	**7 182**	**6 362**
Number of shares by series at the end of the fiscal period	**no.**	**no.**
A-share (1 vote/share)	56 505 210	55 963 210
Total	**56 505 210**	**55 963 210**
The distribution of shareholders' equity by series	**euros**	**euros**
A-share (1 vote/share)	**2 872 302,00**	2 872 302
Total	**2 872 302,00**	**2 872 302**

14. LONG-TERM LIABILITIES	31.12.2016	31.12.2015
External long-term liabilities		
Loans from financial institutions	1 529	2 000
Subordinated loans from owners	2 000	2 000
Total	**3 529**	**4 000**
Long-term liabilities total	**3 529**	**4 000**

15. SHORT-TERM LIABILITIES		
External short-term liabilities, interest-bearing		
Loans from financial institutions	471	0
Total	**471**	**0**
Short-term liabilities to Group companies, non-interest-bearing		
Accounts payable	21	0
Total	**21**	**0**
External short-term liabilities, non-interest-bearing		
Accounts payable	39	60
Other liabilities	100	38
Accrued liabilities and deferred income	255	329
Total	**394**	**427**
Accrued liabilities and deferred income consist of:		
Accrued employee expenses	157	141
Interest liabilities	93	7
Accrued tax liabilities	0	96
Other accruals and deferred income	5	85
Total	**255**	**329**
Short-term liabilities total	**886**	**427**

NOTES TO THE INCOME STATEMENT

OTHER NOTES

16. SECURITIES AND RESPONSIBILITIES	31.12.2016	31.12.2015
Granted securities		
Dept secured by corporate mortages		
Loans from financial institutions	13000	13000
Total	**13000**	**13000**
Other granted securities Plc Uutechnic Group Oyj has granted as securities the share capitals of its subsidiaries Japrotek Oy Ab:n, AP-Tela Oy, Uutechnic Oy and Stelzer Rührtechnik International GmbH.		
Book values of the shares in subsidiaries granted as securities total	**3 573**	**3 573**
Liabilities		
Granted guarantees by Group companies		
Granted guarantees to customers and creditors	1 230	
Granted guarantees to secure bank guarantee limits	10 500	9 329
Granted guarantees to secure loans	3 104	1 542
Granted guarantees to secure rent bank guarantees	400	400
Total	**15 234**	**11 271**

THE BOARD OF DIRECTORS' PROPOSAL

The parent company made profit of 549,150.75 euros The parent company's distributable funds are 7,182,056.29 euros. The Board of Directors proposes to the Annual General Meeting that no dividends be distributed and that the profit will be transferred to be the retained earnings of the company.

In Uusikaupunki, March 3rd, 2017

Jouko Peräaho
Chairman of the Board

Sami-Jussi Alatalo

Hannu Kottonen

Kristiina Lagerstedt

Martti Heikkilä
CEO

AUDITOR'S REPORT

To the Annual General Meeting of Plc Uutechnic Group Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Plc Uutechnic Group Oyj (business identity code 0520181-3) for the year ended 31 December, 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Goodwill

Refer to accounting principles and note 15 in the consolidated financial statements.

At the balance sheet date, the value of goodwill amounted to 3,5 MEur representing 15 % of the total assets and 34 % of the total equity. Procedures over management's annual impairment test were significant to our audit because the test imposes estimates. The Group management use assumptions in respect of future market and economic conditions such as the economic growth, expected inflation rates, revenue and margin development.

Our audit procedures included, among others:
- Involving valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to weighted average cost of capital.
- Performing sensitivity analysis based on different assumptions of possible changes in cash flow from operations and in discount rate.
- Evaluating key assumptions included in the impairment testing with a special focus on the projected revenues.
- Assessing the appropriateness of the group's disclosures in respect of impairment

Revenue recognition of long-term projects

Refer to accounting principles and note 4 in the consolidated financial statements.

Project revenue recognition is significant to the financial statements because where long term contract accounting is used, estimates and judgements are made in determining the amount of revenue to be recorded. The recognition of revenue is largely dependent on the estimated stage of completion of each long term contract which is determined based on the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. We therefore determined this to be a key audit matter.

We assessed the compliance of the group's accounting policies over revenue recognition with applicable accounting standards and the appropriateness of the group's disclosures in respect of revenues. In addition our audit procedures covering a sample of projects included, among others things, the following:

- Discussing with the representatives of the group to get an understanding of the financial contents of the projects.
- Examining the financial contract terms and the calcu-

lations and estimates used in the revenue recognition.
- Assessing that the revenue recognised is consistent with the calculated stage of completion.
- Testing the accuracy of the amount of revenue recognised by recalculation.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's report, and the Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Helsinki 3.3.2017

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public Accountant

CONTACT INFORMATION

Plc Uutechnic Group Oyj

Muottitie 2, 23500 Uusikaupunki, Finland
Tel. 020 188 0511
Email: uutechnicgroup@uutechnicgroup.fi
Staff emails: firstname.surname@uutechnic.fi

www.uutechnicgroup.com

AP-TELA

AP-Tela Oy

Kuljettajantie 2, 67800 Kokkola,
Finland

Tel. 020 188 0650

Staff emails:
firstname.surname@aptela.fi

www.uutechnicgroup.com

JAPROTEK

Japrotek Oy Ab

Pohjantie (Nordanvägen) 9, PL 12,
68601 Pietarsaari (Jakobstad), Finland

Tel. 020 188 0511

Staff emails:
firstname.surname@japrotek.fi

www.uutechnicgroup.com

Stelzer Rührtechnik International GmbH

Speckgraben 20, D-34414 Warburg,
GERMANY

Tel. +49 5641 903-0

Staff emails:
firstname.surname@stelzer.eu

www.stelzer.eu

Uutechnic Oy

Muottitie 2, 23500
Uusikaupunki, Finland

Tel. +358 2 846 8800

Staff emails:
firstname.surname@uutechnic.fi

www.uutechnic.fi

DESIGN: MAINOSTOIMISTO ILMIÖ - WWW.MAINOSILMIO.FI

Plc Uutechnic Group Oyj

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